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

## APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 22474 (*De Novo*) OCD Case No. 22294

#### **COG OPERATING LLC'S PRE-HEARING STATEMENT**

COG Operating LLC ("Applicant") submits its Pre-Hearing Statement pursuant to the rules

of the Oil Conservation Commission.

#### I. APPEARANCES

#### APPLICANT

COG Operating LLC

#### ATTORNEYS

Dana S. Hardy Jaclyn M. McLean P.O. Box 2068 Santa Fe, NM 87504-2068 (505) 982-4554 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com

#### **INTERESTED PARTY**

New Mexico Oil Conservation Division

#### ATTORNEYS

Jesse K. Tremaine Assistant General Counsel New Mexico Energy, Minerals, and Natural Resources Department 1220 South St. Francis Drive Santa Fe, NM 87505 (505) 231-9312 Jessek.tremaine@state.nm.us

#### **II. STATEMENT OF THE CASE**

In Case No. 22294, COG filed an application ("Application") with the Oil Conservation Division ("Division") seeking an order pooling all uncommitted interests in the WC-025 G-09 S243532M; Wolfbone Pool (98098) underlying a standard 960.16-acre, more or less, horizontal spacing unit ("Unit") comprised of all of irregular Section 1 and the N/2 of Section 12, Township 25 South, Range 34 East, Lea County, New Mexico. COG sought to dedicate the Unit to the following wells ("Wells"):

- Green Eyeshade Fed Com #601H to be drilled from a surface location in the NW/4SE/4 (Unit J) of Section 12 to a bottom hole location in the NE/4NE/4 (Lot 1) of Section 1;
- Green Eyeshade Fed Com #602H and Green Eyeshade Fed Com #702H to be drilled from a surface location in the NW/4SE/4 (Unit J) of Section 12 to a bottom hole location in the NW/4NE/4 (Lot 2) of Section 1;
- Green Eyeshade Fed Com #603H and Green Eyeshade Fed Com #703H to be drilled from a surface location in the NE/4SW/4 (Unit K) of Section 12 to a bottom hole location in the NE/4NW/4 (Lot 3) of Section 1; and
- Green Eyeshade Fed Com #704H to be drilled from a surface location in the NW/4SW/4 (Unit L) of Section 12 to a bottom hole location in the NW/4NW/4 (Lot 4) of Section 1.

COG's Application included three proximity tract wells. Specifically, the completed interval of the Green Eyeshade Fed Com #601H well would be within 330' of the quarter-quarter line separating the E/2E/2 from the W/2E/2 of Section 1 and the W/2NE/4 from the E/2NE/4 of Section 12; the completed interval of the proposed Green Eyeshade Fed Com #602H would be within 330' of the quarter-quarter line separating the E/2W/2 from the W/2E/2 of Section 1 and the W/2NE/4 from the E/2NW/4 of Section 12, and the completed interval of the proposed Green Eyeshade Fed Com #603H well would be within 330' of the quarter-quarter line separating the E/2W/2 from the W/2E/2 of Section 1 and the W/2NE/4 from the E/2NW/4 of Section 12, and the completed interval of the proposed Green Eyeshade Fed Com #603H well would be within 330' of the quarter-quarter line separating the E/2W/2 from the W/2W/2 of Section 1 and the W/2NW/4 from the E/2NW/4 of Section 12. These

three proximity tract wells allow for inclusion of the 960 acres into one standard horizontal well spacing unit ("COG's Unit").

The Division held a hearing on COG's application on November 4, 2021. No party opposed the application, no questions were asked at the hearing, and COG's undisputed evidence established that granting the application would protect correlative rights and prevent waste. Despite those facts, the Division subsequently issued Order No. R-21930 ("Order") dismissing COG's application because the proposed spacing unit includes proximity tract acreage from three wells – instead of one well – to form a standard 960-acre horizontal spacing unit.<sup>1</sup> The Division determined that the use of multiple proximity tract wells within a horizontal spacing unit renders the unit non-standard because 19.15.16.15(B) NMAC, which defines standard horizontal spacing units, refers to "*the* well" instead of multiple wells. Thus, the Division would require COG to seek approval of a non-standard spacing unit and provide notice to parties in the surrounding tracts even though COG's wells are at orthodox locations within its proposed unit and do not impact the surrounding tracts.<sup>2</sup> As discussed below, the Division's decision was incorrect and should be reversed.

#### **III. ARGUMENT**

The Division's narrow construction of 19.15.16.15(B)(1)(b) NMAC ("Proximity Well Rule") is inconsistent with the Oil and Gas Act's fundamental requirement that the Division prevent waste and protect correlative rights. The Division's interpretation of the rule is also inconsistent with the purpose and language of the Horizontal Well Rule, 19.15.16.15 NMAC, which was designed to allow operators to choose how to best develop acreage to prevent waste and protect correlative rights, and with the Division's interpretation of other provisions of the rule.

<sup>&</sup>lt;sup>1</sup> See Division Order No. R-21930,  $\P$  5 – 7.

 $<sup>^{2}</sup>$  Id.

Further, the Division's decision conflicts with prior precedent approving the use of multiple proximity wells to create a standard horizontal spacing unit. Accordingly, Order No. R-21930 should be reversed and COG's Unit should be approved.

# A. The Division's narrow construction of Rule 19.15.16.15(B)(1)(b) is inconsistent with the Oil and Gas Act's fundamental requirement that the Division prevent waste and protect correlative rights.

In this case, the Division concluded that 19.15.16.15(B) NMAC limits standard horizontal spacing units to those that include one proximity tract defining well. Specifically, the Division concluded that because 19.15.16.15(B) NMAC states that a standard horizontal spacing unit includes tracts penetrated by "*the* horizontal oil well," only one proximity tract well can be used to define a spacing unit. Thus, the Division would require COG to seek approval of a non-standard spacing unit anytime a proposed development involves more than one defining proximity tract well. This narrow construction of the rule ignores that the Division's regulations must be construed in light of the Oil and Gas Act and the Division's overarching obligation to prevent waste and protect correlative rights.

Under New Mexico law, statutes and regulations must be construed as a whole to effectuate their purpose and avoid an absurd result.<sup>3</sup> In essence, statutes and regulations must be construed in accordance with their "obvious spirit or reason."<sup>4</sup>

The Oil and Gas Act requires the Division to prevent waste and protect correlative rights.

Specifically, the Act provides:

The division shall have, and is hereby given, jurisdiction and authority over all matters relating to the conservation of oil and gas and the prevention of waste of potash as a result of oil or gas operations in this state. It shall have jurisdiction,

<sup>&</sup>lt;sup>3</sup> See Quynh Truong v. Allstate Ins. Co., 2010-NMSC-009, ¶ 29, 147 N.M. 583; Tolley v. Assoc. Elec. & Gas Ins. Services, Ltd (AEGIS), 2010-NMSC-029, ¶ 8, 148 N.M. 436.

<sup>&</sup>lt;sup>4</sup> See Baker v. Hedstrom, 2013-NMSC-043, ¶¶ 11, 34-36, 309 P.3d 1047; *Alb. Bernalillo Co. Water Util. Auth. v. NMPRC*, 2010-NMSC-013, ¶ 51, 148 N.M. 21 (New Mexico's canons of statutory construction also govern the interpretations of administrative regulations).

authority and control of and over all persons, matters or things necessary or proper to enforce effectively the provisions of this act or any other law of this state relating to the conservation of oil or gas and the prevention of waste of potash as a result of oil or gas operations.<sup>5</sup>

Consistent with the Act's purpose, Section 70-2-11 states that it is the Division's duty to prevent waste and protect correlative rights. To this end, Section 70-2-17(C) of the Act requires the Division to pool interests when owners have not agreed to do so.

The Division's narrow construction of the Proximity Well Rule ignores that the rule must be construed in accordance with the Oil and Gas Act's mandate that the Division prevent waste and protect correlative rights. In the Order, the Division did not cite any reason that granting COG's application or construing the Proximity Well Rule to allow COG's proposed 960-acre spacing unit would violate correlative rights or result in waste. Rather, the Division relied entirely on the fact that the Proximity Well Rule refers to "the well" instead of multiple wells. This restrictive construction of the rule is unfounded because it ignores the Division's fundamental obligation to prevent waste and protect correlative rights.

In this case, COG presented undisputed evidence that granting its application would protect correlative rights and prevent waste, and no party opposed the application or presented evidence to the contrary. The Division's rejection of COG's application, when there was no evidence that granting the application would result in waste or violate correlative rights, was erroneous.

Further, allowing operators to include acreage from multiple proximity wells within a single standard horizontal spacing unit *prevents* waste. As COG's reservoir engineering witness will explain, the inclusion of acreage from multiple proximity wells in a standard horizontal spacing unit enables operators to use less surface infrastructure to develop the underlying acreage, which: (1) prevents environmental waste by protecting surface resources and air quality; and (2)

<sup>&</sup>lt;sup>5</sup> NMSA 1978, § 70-2-6.

prevents economic waste by reducing costs. COG's evidence will further establish that its Unit will conserve resources and prevent waste by allowing COG to optimally develop its resources. The use of these units also reduces the resources necessary for operators and the Division to file, review and monitor commingling applications and for operators to obtain surface use agreements. The Division's narrow construction of the Proximity Well Rule causes – rather than prevents – waste.

The Division's narrow interpretation of the rule also fails to protect correlative rights. An applicant seeking to form a standard horizontal spacing unit consisting of multiple proximity wells must provide notice of its application to all affected interest owners pursuant to 19.15.4.12(A)(1) NMAC. Therefore, affected parties are afforded the opportunity to oppose or address any concerns they may have regarding the size of the proposed unit at a hearing. Additionally, when a spacing unit involves multiple state and/or federal leases, an operator must obtain an approved communitization agreement from the New Mexico State Land Office and/or the Bureau of Land Management. Thus, those agencies are afforded an opportunity to raise any concerns. In the absence of specific concerns regarding correlative rights – which were not presented here – there is no reason for the Division to preclude operators from utilizing spacing units that include multiple proximity tract wells.

The Division's determination that COG should seek approval of a non-standard spacing unit, which requires notice to parties in all surrounding tracts, also fails to protect correlative rights.<sup>6</sup> In this case, that notice would not serve any legitimate purpose because COG's wells are at orthodox locations within its proposed 960-acre unit, being located within 330 feet from the outer boundary of COG's Unit. Thus, COG's proposed wells comply with the Division's

<sup>&</sup>lt;sup>6</sup> See Order at ¶¶ 7-8.

requirement to prevent offset drainage of surrounding tracts and have no meaningful impact on those tracts. As COG's land witness will explain, notifying parties in the surrounding tracts – when they are not actually impacted by COG's application – harms COG's correlative rights by allowing those parties to object, and cause delay, when they have no legitimate basis to do so. Notifying parties in all surrounding tracts also consumes considerable resources because it requires operators to obtain title information regarding those tracts. COG should not be required to expend those resources here, where the surrounding tracts are not impacted by COG's proposed development and would not benefit from the notice anyway. It does not make sense for the Division to require notice to surrounding interests because a unit includes more than one proximity tract well, when no such notice would be required when a unit includes a single proximity tract well. If wells are at orthodox locations within a unit, neither scenario impairs correlative rights in the surrounding tracts. The Division's narrow construction of the rule elevates form over substance, is inconsistent with the Oil and Gas Act, and should be reversed.

# B. The Division's narrow construction of Rule 19.15.16.15(B)(1)(b) is inconsistent with the purpose of the Horizontal Well Rule, which is to modernize and facilitate horizontal well development.

As discussed above, statutes and regulations must be construed as a whole to effectuate their purpose and avoid an absurd result.<sup>7</sup> The Division's narrow construction of the Rule would impede horizontal well development and result in waste, which is inconsistent with the purpose and language of the rule.

In 2018, the Commission modernized its horizontal well rules in response to the current and expanding technological advancements in horizontal drilling and completion operations.<sup>8</sup> In

<sup>&</sup>lt;sup>7</sup> See Quynh Truong v. Allstate Ins. Co., 2010-NMSC-009, ¶ 29, 147 N.M. 583; Alb. Bernalillo Co. Water Util. Auth. v. NMPRC, 2010-NMSC-013, ¶ 51, 148 N.M. 21.

<sup>&</sup>lt;sup>8</sup> See, e.g., Jalapeno Corp. v. N.M. Oil Conservation Comm'n, 2020 WL 5743659 at \*6 (N.M. Ct. App., Sept. 23, 2020) (unpublished) ("In taking both [the prevention of waste and the protection of correlative rights] into

particular, the Commission recognized the production optimization and operational efficiencies achieved from the adoption of multi-well development practices such as batch drilling, pad drilling and zipper fracking.<sup>9</sup> The Commission intended to "further the goals of the [Oil and Gas] Act" of reducing waste and protecting correlative rights by providing operators the opportunity to simultaneously propose, drill and complete multiple wells dedicated to a spacing unit.<sup>10</sup> As recognized during the rulemaking, the Division proposed to amend the rule to afford operators flexibility with respect to well spacing and the drilling of horizontal wells to more efficiently produce reserves.<sup>11</sup> The rulemaking testimony further recognized that larger and larger units are being developed to efficiently produce reserves and that "the more the rules work in that direction, the more we're actually going to be preventing waste in a way that protects correlative rights."<sup>12</sup>

As part of its effort to modernize its horizontal well rules, the Commission adopted the

Proximity Well Rule, which states:

[i]n addition to tracts the horizontal oil well penetrates, the operator may include quarter-quarter sections or equivalent tracts in the standard horizontal spacing unit that are located within 330 feet of the proposed horizontal oil well's completed interval (measured along a line perpendicular to the proposed completed interval or its tangent).

19.15.16.15(B)(1)(b) NMAC. This rule incorporates the Commission's recognition of the additional efficiencies achieved from larger-scale, multi-well developments driven by modern drilling and completion innovations.

consideration, members of the Commission acknowledged the need to 'adopt a horizontal rule that is designed for the 21<sup>st</sup> century,' requiring that the Commission 'consider these factory mining techniques [of drilling multiple wells simultaneously] that people are doing in other parts of the country'''). <sup>9</sup> *Id*.

<sup>&</sup>lt;sup>10</sup> See id.

<sup>&</sup>lt;sup>11</sup> Commission Case No. 15957, Application of the New Mexico Oil Conservation Division to Amend Rules of the Commission Concerning the Drilling, Spacing, and Operation of Horizontal Wells and Related Matters, April 17, 2018 Hearing Tr. at 12:12-19 (D. Brooks), attached as Exh. A.

<sup>&</sup>lt;sup>12</sup> *Id.*, April 18, 2018 Hearing Tr. at 123:19-125:19 (R. Foppiano).

The revised horizontal well rules provide flexibility to adapt to current and future technological innovations and no longer limit development with arbitrary impediments like internal setbacks. In conjunction with one another, the revised horizontal well rules further the goals of the Oil and Gas Act by affording operators the ability to choose how to best develop the underlying acreage based on technology-driven operations, thereby enhancing the protection of correlative rights and the conservation of resources. The Division's restrictive interpretation of the rule is inconsistent with the rule's goals of modernizing development and allowing operators to choose the best development plan and should be reversed.

# C. The Division's narrow interpretation of Rule 19.15.16.15(B)(1)(b) is inconsistent with its construction of other portions of the Horizontal Well Rule.

The Division has consistently construed other provisions of the Horizontal Well Rule that refer to one well as pertaining to multiple wells. For example, 19.15.16.15(A)(2) NMAC states: *"Each* horizontal well shall be dedicated to *a* standard horizontal spacing unit or an approved non-standard horizontal spacing unit, except for infill horizontal wells and multi-lateral horizontal wells ...." Similarly, 19.15.16.15(B)(1) NMAC states, "the operator shall dedicate to *each* horizontal oil well *a* standard horizontal spacing unit...." Although a literal application of these provisions would require an operator to dedicate one spacing unit to each well, the Division has frequently approved horizontal spacing units that include multiple batch-drilled wells.<sup>13</sup> Thus, the Division has not construed these provisions in a manner that would require an operator to designate one well to each spacing unit.

Likewise, the Proximity Well Rule at 19.15.16.15(B)(1)(b) NMAC states, "the operator may include quarter-quarter sections or equivalent tracts in the standard horizontal spacing unit that are located within 330 feet of the proposed horizontal oil well's completed interval." It would

<sup>&</sup>lt;sup>13</sup> See, e.g., Division Order Nos. R-21089, R-21949, R-22070, R-22071.

not make sense to narrowly construe this provision as allowing only one proximity tract well within a spacing unit when the Division construes the other provisions to allow multiple wells. Further, nothing in the rule expressly prohibits the inclusion of proximity acreage from multiple wells into a standard horizontal spacing unit. And as discussed above, interpreting the rule in that manner does not protect correlative rights or prevent waste. The Division's restrictive interpretation of the rule ignores the language and purpose of the rule and should be reversed.

# D. Order No. R-21930 conflicts with Division precedent that allows the use of multiple proximity wells to create a standard horizontal spacing unit.

On February 12, 2020, the Division issued Order No. R-21089 in Case No. 20836, which approved a 1280-acre standard horizontal spacing unit that incorporated acreage from three proximity wells dedicated to the unit. Order No. R-21089 demonstrates that the Division's interpretation of the Proximity Well Rule originally conformed with its construction of the other provisions of the Horizontal Well Rule as applying to one or more wells dedicated to a spacing unit. The Division's interpretation of the rule in that case was correct, and COG's application in this case should similarly be approved.

Witness	<b>Occupation</b>	Time	<u>Exhibits</u>
Matt Solomon	Landman	30 minutes	11
Ira Bedford	Geologist	30 minutes	5
Eric Angelos	Reservoir Engineer	30 minutes	2

## IV. PROPOSED EVIDENCE

## V. PROCEDURAL MATTERS

COG has not identified any procedural issues at this time.

#### VI. REQUEST FOR RELIEF

COG Operating LLC respectfully requests that the Commission issue an order approving COG's application. The Division's narrow construction of the Proximity Well Rule is inconsistent with the Oil and Gas Act, ignores the purpose and language of the rule, is contrary to the Division's interpretation of other portions of the rule, and is inconsistent with prior precedent that allows operators to include multiple proximity tract wells within a horizontal spacing unit.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy Dana S. Hardy Jaclyn M. McLean P.O. Box 2068 Santa Fe, NM 87504-2068 Phone: (505) 982-4554 Facsimile: (505) 982-8623 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com *Counsel for COG Operating LLC* 

#### **CERTIFICATE OF SERVICE**

I hereby certify that on April 7, 2022, I caused a true and correct copy of the foregoing pleading to be electronically served on the following:

Jesse Tremaine jessek.tremaine@state.nm.us Attorney for the Oil Conservation Division

/s/ Dana S. Hardy

Dana S. Hardy

Page 1 STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION APPLICATION OF THE NEW MEXICO OIL CASE NO 15957 CONSERVATION DIVISION TO AMEND RULES OF THE COMMISSION CONCERNING THE DRILLING, SPACING, AND OPERATION OF HORIZONTAL WELLS AND RELATED MATTERS BY AMENDING VARIOUS SECTIONS OF RULES 19.15.2, 19.15.4, 19.15.14, 19.15.15, AND 19.15.16 NMAC; STATEWIDE. REPORTER'S TRANSCRIPT OF PROCEEDINGS COMMISSIONER HEARING Volume 1 of 4 April 17, 2018 Santa Fe, New Mexico HEATHER RILEY, CHAIRPERSON BEFORE: ED MARTIN, COMMISSIONER DR. ROBERT S. BALCH, COMMISSIONER BILL BRANCARD, ESQ. This matter came on for hearing before the New Mexico Oil Conservation Commission on Tuesday, April 17 through Friday, April 20, 2018, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico. Mary C. Hankins, CCR, RPR REPORTED BY: New Mexico CCR #20 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241

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1	was hired by the New Mexico Energy, Minerals and Natural
2	Resources Department on behalf of the Oil Conservation
3	Division. I worked there until 2013.
4	At the end of 2013, I retired, returned to
5	Durango, practiced with Mr. Duggan for a while, and then
6	in 2016, I returned to the New Mexico Oil Conservation
7	Division.
8	Q. And turning to the rules, are you familiar with
9	the current Commission rules for horizontal wells?
10	A. Yes, ma'am, I am. I have the rule book right
11	here in case I forget anything.
12	Q. Okay. Will you explain why the OCD is
13	proposing amendments to the current rules?
14	A. Well, the perception of the industry appears to
15	be that operators can produce the reserves more
16	efficiently in many parts of the state if they have more
17	flexibility in the spacing and drilling of horizontal
18	wells, especially longer-length horizontal wells and
19	different shapes.
20	Q. How are the proposed amendments developed?
21	A. Well, the first person who first submitted
22	proposed amendments to the OCD was Ms. Ocean Munds-Dry,
23	who is sitting in the front row over there. Hers were
24	very limited in scope. It got the ball rolling. And
25	David Catanach, who is somewhere in the audience, the

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1	former director of the Oil Conservation Division,
2	decided to appoint an industry advisory work group to
3	work with the OCD personnel to develop improved groups.
4	I was appointed, along with Ms. Munds-Dry, to be
5	co-chairs of that group. However, Mr. Rick Foppiano
6	actually took it over, and he is going to testify later.
7	(Laughter.)
8	MR. FOPPIANO: Objection.
9	(Laughter.)
10	Q. (BY MS. BADA) Can you refer to OCD Exhibit 2?
11	A. OCD Exhibit 2.
12	Q. And can you describe what OCD Exhibit 2 is?
13	A. OCD Exhibit 2 is the proposed revisions to the
14	horizontal well rule and certain related rules. It
15	includes a revision of 19.15.2, which revises the
16	general definitions applicable throughout the rules;
17	19.15.4, which is the procedural rules for adjudicatory
18	proceedings, with amendments related to certain notice
19	issues of the proposed amendments; 19.15.14, which is
20	only cross-references; 19.15.15, which is only
21	cross-references; and the main event, 19.15.16, which is
22	the proposed new rules to horizontal wells.
23	Q. Can you describe the amendments that are being
24	proposed to 19.15.2 to the general provisions and
25	definitions?

Page 1 STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION APPLICATION OF THE NEW MEXICO OIL CASE NO 15957 CONSERVATION DIVISION TO AMEND RULES OF THE COMMISSION CONCERNING THE DRILLING, SPACING, AND OPERATION OF HORIZONTAL WELLS AND RELATED MATTERS BY AMENDING VARIOUS SECTIONS OF RULES 19.15.2, 19.15.4, 19.15.14, 19.15.15, AND 19.15.16 NMAC; STATEWIDE. REPORTER'S TRANSCRIPT OF PROCEEDINGS COMMISSIONER HEARING Volume 2 of 4 April 18, 2018 Santa Fe, New Mexico HEATHER RILEY, CHAIRWOMAN BEFORE: ED MARTIN, COMMISSIONER DR. ROBERT S. BALCH, COMMISSIONER BILL BRANCARD, ESQ. This matter came on for hearing before the New Mexico Oil Conservation Commission on Tuesday, April 17 through Friday, April 20, 2018, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico. REPORTED BY: Mary C. Hankins, CCR, RPR New Mexico CCR #20 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241 PAUL BACA PROFESSIONAL COURT REPORTERS 500 FOURTH STREET NW - SUITE 105, ALBUQUERQUE, NM 87102

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1	through the hoops of downhole commingling and everything
2	else, however it's handled. I'm unclear. I would have
3	to go back and review how the production is handled in
4	the downhole commingling with two pools situation,
5	however, that's handled. Seems like it could be handled
6	the same way going forward. This just exempts that from
7	being an application and notice and all that sort of
8	stuff.
9	Q. I think I agree with Marathon, that there needs
10	to be some sort of explicit statement somewhere that
11	horizontal spacing units can overlap all around within
12	the limits of offset restrictions. That's the fork in
13	the rule. So I think I would be a little more happy
14	with the rule if there was an explicit statement
15	somewhere in that list of horizontal well constraints.
16	A. I don't think there would be any problem with
17	that statement, and we may be able to offer a suggestion
18	about the appropriate place to put that.
19	Q. And then similarly with multiple wells
20	completed at once, the zipper frac is a really good
21	example of that. I suspect that communitization would
22	be one way to work around that, just turn the whole
23	thing into a unit.
24	A. My understanding is and it's limited about
25	the force pooling, but because the force pooling is

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1	linked to spacing units and we're defining spacing units
2	here, the ability to create larger and larger units with
3	these rules with these proposed rules, it's easier
4	than it is today, but it's still limited.
5	In my investigation in other states, in my
6	opinion, I think the more appropriate way of going
7	forward is actually to allow have rules that allow
8	for bigger and bigger units to be developed because, as
9	you're going to hear in subsequent testimony, of this
10	multiwell nature of how this resource is accessed now,
11	and even now where it is accessed simultaneously. So I
12	think the more the rules work in that direction, the
13	more we're actually going to be preventing waste in a
14	way that protects correlative rights.
15	Q. Well, I think you can certainly run into a
16	situation where you're trying to zipper frac and your
17	well spacing is going to be you want it to be
18	infill
19	A. Yes.
20	Q or within a unit so you don't have those
21	offset restrictions. Maybe you want the wells 400 feet
22	apart
23	A. Yes.
24	Q instead of the 660. So I think that that
25	does have to be addressed somehow in here, perhaps as

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1	another category of drilling or completion.
2	A. And we're actually NMOGA is actually
3	considering some language that I proposed this morning
4	to make a slight change to the infill well definition
5	that might alleviate the issue and make it clear that
6	you can have an initial well with a proposed spacing
7	unit and infill wells, and they could all be drilled
8	simultaneously. And there wouldn't be this restriction
9	around having to have this previous unit in place before
10	you can have infill wells.
11	And as I said, in my opinion, there seems
12	to be a lot of value in trying to make sure there are no
13	artificial barriers to providing for simultaneous
14	development.
15	Q. So maybe just a note, if it's okay, with the
16	indulgence of the Chair, kind of in the past with
17	rulemaking, a lot of times we'll get to the end of
18	testimony, and then we won't close the record. We'll
19	wait for some issues to be resolved. We may have
20	follow-up questions that come up from those. For
21	example, this would be Marathon and OCD and NMOGA
22	getting together and coming up with language that
23	addresses something like this.
24	A. Yes.
25	Q. It does extend the proceeding.

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

## APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

DE NOVO CASE NO. 22474

Exhibit No.	Document	Page Number
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COG-3	Application & Proposed Notice of Hearing	007
COG-4	C-102s	012
COG-5	Plat of Tracts, Tract Ownership, Pooled Parties, Unit	018
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## COG OPERATING, LLC'S EXHIBIT INDEX

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

#### IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COG OPERATING, LLC

CASE NO. 22294 ORDER NO. R-21930

#### ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 4, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

#### FINDINGS OF FACT

- COG Operating, LLC ("COG") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests underlying irregular Section 1 and the N/2 of Section 12, Township 25 South Range 34 East, Lea County, New Mexico ("Unit").
- 2. COG seeks to dedicate the well(s) described below ("Well(s)") to the Unit:
  - Green Eyeshade Federal Com Well No. 601H
  - Green Eyeshade Federal Com Well No. 602H
  - Green Eyeshade Federal Com Well No. 603H
  - Green Eyeshade Federal Com Well No. 702H
  - Green Eyeshade Federal Com Well No. 703H
  - Green Eyeshade Federal Com Well No. 704H
- The Application was heard by the Hearing Examiner on the date specified above, during which COG presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.
- COG provided testimony that the Unit would be a standard 960 acre horizontal well spacing unit with quarter-quarter section building blocks or tracts.
- A standard horizontal spacing unit for horizontal oil wells is defined by 19.15.16.15(B) NMAC as:

(a) The horizontal spacing unit shall comprise 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.

(b) In addition to tracts the horizontal oil well penetrates, the operator may include quarterquarter sections or equivalent tracts in the standard horizontal spacing unit that are located within 330 feet of the proposed horizontal oil well's completed interval (measured along a line perpendicular to the proposed completed interval or its tangent).

6. The proposed spacing unit does not have one well that can create a 960 acre standard horizontal spacing unit. Instead, COG proposes three wells within the

Application that would be within 330 feet of nearby tracts and would create three separate overlapping 480 acre standard horizontal spacing units.

- 7. Creating a single 960-acre horizontal spacing unit would require an application for a non-standard horizontal spacing unit. 19.15.16.15(B)(5) NMAC. That application would require notice of additional parties. 19.15.16.15(B)(5)(b) (notice "to affected persons in all tracts that...adjoin the non-standard horizontal spacing unit").
- 8. The notice requirements for a nonstandard spacing unit differ from the notice required for a standard horizontal spacing unit:
  - (a) The applicant shall give notice to each owner of an interest in the mineral estate of any portion of the lands the applicant proposes to be pooled ... An applicant seeking compulsory pooling of a standard horizontal spacing unit need not give notice to affected persons in adjoining spacing units or tracts unless the division so directs.
  - 19.15.4.12(A)(1) NMAC.
- 9. COG identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given to them.

#### CONCLUSIONS OF LAW

- 10. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 11. COG is the owner of an oil and gas working interest within the Unit.
- 12. The Unit proposed by COG does not meet the requirements for a standard horizontal spacing unit.
- 13. COG failed to apply for a non-standard horizontal spacing unit and failed to satisfy the notice requirements for a non-standard horizontal spacing unit.

#### ORDER

 It is hereby ORDERED that the Application is dismissed without prejudice. COG may reapply for a non-standard horizontal spacing unit with compulsory pooling or for multiple compulsory pooling cases utilizing standard horizontal spacing units.

\_\_\_\_ Date: \_\_\_\_12/07/2021

ADRIENNE SANDOVAL DIRECTOR AES/jag

STATE OF NEW MEXICO

NSERVATION DIVISION

CASE NO. 22294 ORDER NO. R-21930

# Page 22 of 128

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

#### APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

#### CASE NO. 22294

#### SELF-AFFIRMED STATEMENT OF MATT SOLOMON

 I am a landman at COG Operating LLC ("COG") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my qualifications as an expert in petroleum land matters were accepted and made a matter of record.

 I am familiar with the land matters involved in the above-referenced case. Copies of COG's application and proposed hearing notice are attached as Exhibit A-1.

 None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. COG seeks an order pooling all uncommitted interests in the WC-025 G-09 S243532M; Wolfbone Pool (98098), underlying a standard 960.16-acre, more or less, horizontal spacing unit ("Unit") comprised of all of irregular Section 1 and the N/2 of Section 12, Township 25 South, Range 34 East, Lea County, New Mexico.

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- The Unit will be dedicated to following wells ("Wells"):
  - Green Eyeshade Fed Com #601H to be drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 12 to a bottom hole location in the NE/4 NE/4 (Lot 1) of Section 1,

- Green Eyeshade Fed Com #602H and Green Eyeshade Fed Com #702H to be drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 12 to a bottom hole location in the NW/4 NE/4 (Lot 2) of Section 1;
- Green Eyeshade Fed Com #603H and Green Eyeshade Fed Com #703H to be drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 12 to a bottom hole location in the NE/4 NW/4 (Lot 3) of Section 1; and
- Green Eyeshade Fed Com #704H to be drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 12 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 1.

6. The completed interval for the Green Eyeshade Fed Com #601H will be within 330' of the quarter-quarter line separating the E/2 E/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NE/4 of Section 12; the completed interval for the Green Eyeshade Fed Com #602H will be within 330' of the quarter-quarter line separating the E/2 W/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NW/4 of Section 12, and the completed interval for the Green Eyeshade Fed Com #603H will be within 330' of the quarter-quarter line separating the E/2 NW/4 of Section 1 and the E/2 NW/2 from the E/2 NW/4 of Section 12, and the completed interval for the Green Eyeshade Fed Com #603H will be within 330' of the quarter-quarter line separating the E/2 NW/4 of Section 12 to allow inclusion of this acreage into a standard horizontal well spacing unit.

- The completed interval of the Wells will be orthodox.
- Exhibit A-2 contains C-102s for the Wells.

9. Exhibit A-3 contains a plat identifying ownership by tract in the Unit. This exhibit also includes any applicable lease numbers, a unit recapitulation, and the interests COG seeks to pool highlighted in yellow. Released to Imaging: 4/7/2022 4:57:27 PM

10. Exhibit A-4 contains a sample well proposal letter and AFEs sent to working interest owners for the Wells. The estimated costs reflected on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

 COG has conducted a diligent search of all county public records including phone directories and computer databases.

12. Most, but not all, interest owners COG seeks to pool are locatable.

 In my opinion, COG made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the chronology of contact described in Exhibit A-5.

14. COG requests overhead and administrative rates of \$8,000 per month while the Wells are being drilled and \$800 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by COG and other operators in the vicinity.

15. Notice of this application and the Division hearing was timely provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letters and associated green cards are attached as Exhibit A-6.

16. Notice of this application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as Exhibit A-7.

17. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

18. In my opinion, the granting of COG's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

19. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 18 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Matt Solomon

<u>//./.21</u> Date

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

#### APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 22294

#### APPLICATION

COG Operating LLC ("COG" or "Applicant") (OGRID No. 229137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the WC-025 G-09 S243532M; Wolfbone Pool (98098), underlying a standard 960.16-acre, more or less, horizontal spacing unit comprised of all of irregular Section 1 and the N/2 of Section 12, Township 25 South, Range 34 East, Lea County, New Mexico. In support of this application, COG states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- (1) the Green Eyeshade Fed Com Fed Com #601H well, to be drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 12 to a bottom hole location in the NE/4 NE/4 (Lot 1) of Section 1:
- (2) the Green Eyeshade Fed Com #602H well, and (3) the Green Eyeshade Fed Com #702H well, to be drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 12 to a bottom hole location in the NW/4 NE/4 (Lot 2) of Section 1;

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- (4) the Green Eyeshade Fed Com #603H well, (5) the Green Eyeshade
   Fed Com #703H well, to be drilled from a surface location in the NE/4 SW/4
   (Unit K) of Section 12 to a bottom hole location in the NE/4 NW/4 (Lot 3) of
   Section 1; and
- (6) the Green Eyeshade Fed Com Fed Com #704H well, to be drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 12 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 1.

3. The completed interval for the proposed Green Eyeshade Fed Com #601H well will be within 330' of the quarter-quarter line separating the E/2 E/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NE/4 of Section 12; the completed interval for the proposed Green Eyeshade Fed Com #602H will be within 330' of the quarter-quarter line separating the E/2 W/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NV/2 of Section 1 and the W/2 NE/4 from the E/2 NW/4 of Section 12, and the completed interval for the proposed Green Eyeshade Fed Com #602H will be within 330' of the proposed Green Eyeshade Fed Com #602H will be within 330' of the Quarter-quarter line separating the E/2 W/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NW/4 of Section 12, and the completed interval for the proposed Green Eyeshade Fed Com #603H well will be within 330' of the quarter-quarter line separating the E/2 W/2 from the W/2 NZ of Section 1 and the W/2 NW/4 from the E/2 NW/4 of Section 12 to allow inclusion of this acreage into a standard horizontal well spacing unit.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

 The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be Miller Lat I

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pooled and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

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Respectfully submitted,

HOLLAND & HART LLP

By:

Michael H. Feldewert Adam G. Rankin Julia Broggi Kaitlyn A. Luck Post Office Box 2208 Santa Fe, New Mexico 87504-2208 (505) 988-4421 (505) 983-6043 Facsimile mfeldewert@hollandhart.com agrankin@hollandhart.com jbroggi@hollandhart.com kaluck@hollandhart.com

ATTORNEYS FOR COG OPERATING LLC

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Case No. 22294 - Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the WC-025 G-09 S243532M; Wolfbone Pool (98098), underlying a standard 960.16-acre, more or less, horizontal spacing unit ("Unit") comprised of all of irregular Section 1 and the N/2 of Section 12, Township 25 South, Range 34 East, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells ("Wells"): the Green Eyeshade Fed Com Fed Com #601H well, to be drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 12 to a bottom hole location in the NE/4 NE/4 (Lot 1) of Section 1; the Green Eyeshade Fed Com #602H well, and the Green Eyeshade Fed Com #702H well, to be drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 12 to a bottom hole location in the NW/4 NE/4 (Lot 2) of Section 1; the Green Eyeshade Fed Com #603H well, the Green Eyeshade Fed Com #703H well, to be drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 12 to a bottom hole location in the NE/4 NW/4 (Lot 3) of Section 1: and the Green Eveshade Fed Com Fed Com #704H well, to be drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 12 to a bottom hole location in the NW/4 NW/4 (Lot 4) of Section 1. The completed interval for the proposed Green Eyeshade Fed Com #601H well will be within 330' of the quarterquarter line separating the E/2 E/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NE/4 of Section 12; the completed interval for the proposed Green Eyeshade Fed Com #602H will be within 330' of the quarter-quarter line separating the E/2 W/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NW/4 of Section 12, and the completed interval for the proposed Green Eyeshade Fed Com #603H well will be within 330' of the guarter-guarter line separating the E/2 W/2 from the W/2 W/2 of Section 1 and the W/2 NW/4 from the E/2 NW/4 of Section 12 to allow inclusion of this acreage into a standard horizontal well spacing unit. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located 13.6 miles West of Jal, New Mexico.

#### DISTRICT I State of New Mexico State of New Mexico State of New Mexico State of New Mexico DISTRICT II DISTRICT II NOIL, CONSERVATION DIVISION Phones (576) 746-1263 Fast (576) 746-5720 DISTRICT III DIST

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

AMENDED REPORT

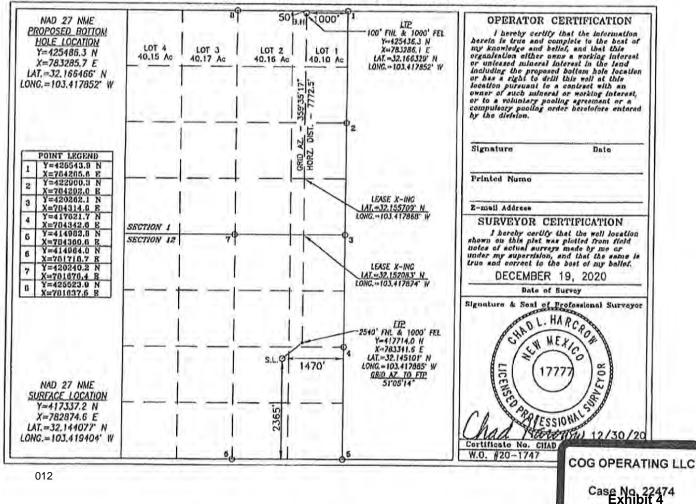
DISTRICT IV 1220 S. FT. PRANCIS DR., SANTA PX. NM BY528 Phone: (605) 470-3400 Pax: (505) 470-3492

API Number	WELL LOCATION AND Pool Code	ACREAGE DEDICATION PLA	
Properly Cade	the state of the second st	ATTY NAME	Well Number 601H
OCUID No.		RATING, LLC	Elevation 3381.2'

UL or lot No.	Scotion	Township	Range	Lot Idn	Post from the	North/South line	Feet from the	East/West line	County
J	12	25-S	34-E	1 4 - 1	2365	SOUTH	1470	EAST	LEA

UL or lot No. 1	Section 1	Township 25-S	Range 34-E	Lot Idn	Feet from the 50	North/South line NORTH	Peet from the 1000	East/West line EAST	County
Dedicated Acra	Joint	or Infill Co	nsolidation	Code Or	der No.				

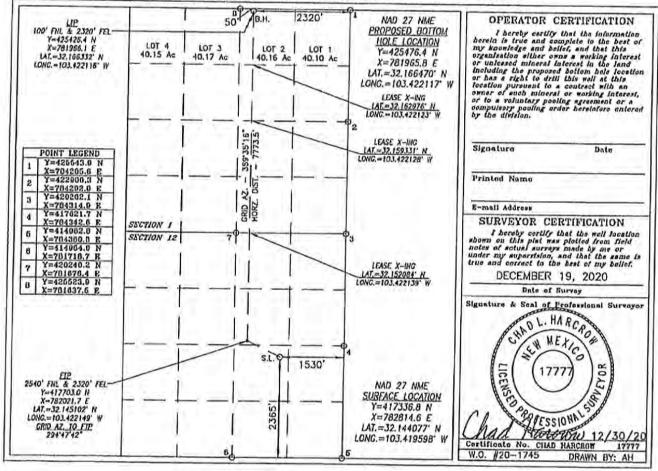
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



#### DISTRICT I State of New Mexico Into M. FIGHER DR. DODDS, MI SBE40 FAMILY (674) B93-6161 Fax (676) B93-6728 Energy, Minerals & Natural Resources Department Form C-102 DISTRICT II 011 S. PIRST ST., ARTESIA, NIL 00210 Phones (676) 745-1203 Part (676) 746-0720 CONSERVATION DIVISION OIL Revised August 1, 2011 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 Submit one copy to appropriate District Office DISTRICT III 1000 RIG BRAZOS RD., AZTEC, NH D7410 Phona: (506) 334-8170 Pari (505) 334-8170 DISTRICT 1V 1220 S. ET. PRANCIS DR., BANTA W. HU S7606 Phene: (605) 478-5460 Par: (655) 470-3462 D AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT API Number Pool Code Pool Name Property Code Property Name Well Number GREEN EYESHADE FEDERAL COM 602H OGRID No. Operator Name Flovation COG OPERATING, LLC 3384.4' Surface Location UL or lot No. Section Township Rango Lot Idn Fact from the North/South lino Foot from the East/West line County J 12 25-S 34-E 2365 SOUTH 1530 EAST LEA Bottom Hole Location If Different From Surface

UL or lot No. 2	Section 1	1.		Range 34-E	Lot Idn	Feet from the 50	North/South Ling NORTH	Feet from the 2320	Enst/West line EAST	County
Dedloated Acres	Joint	or Infitt	Con	alidation (	Code Or	der No.				

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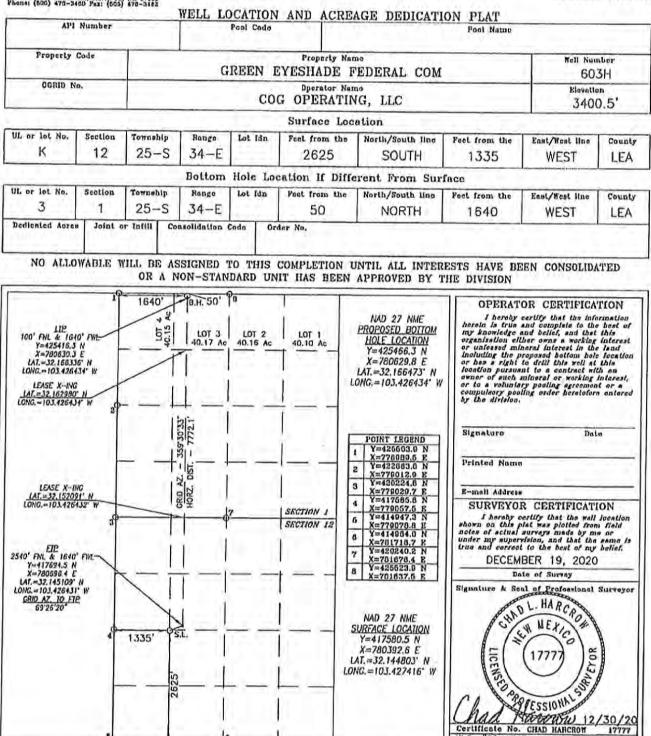
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DISTRICT IV 1220 B. ST. FRANCIS DR., SANTA FR. NM 97505 Phones (000) 470-3400 Pax: (505) 470-3482

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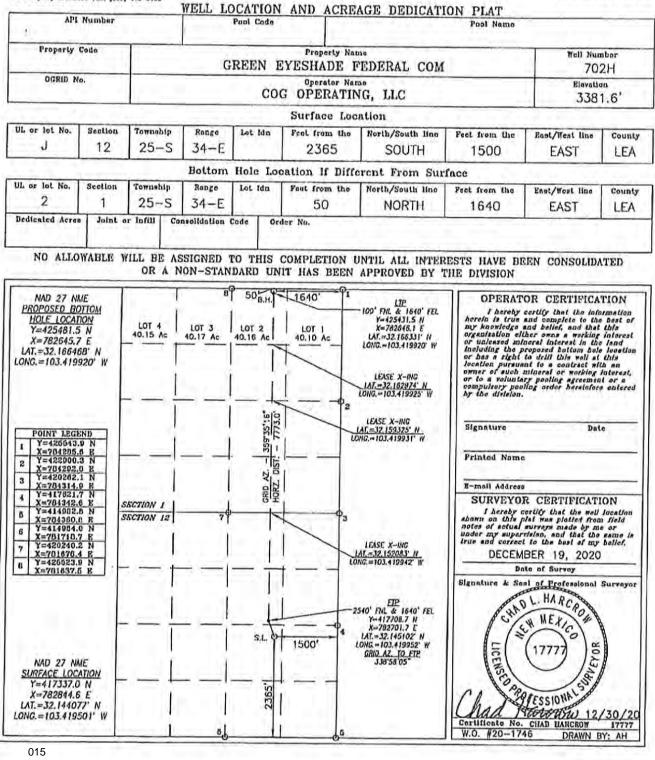
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#### DISTRICT 1 State of New Mexico Energy, Minerals & Natural Resources Department DISTRICT II 041 S. FIRST ST., ARTESIA, NM 00210 Phone: (578) 748-1203 Tem (576) 746-9720 OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Submit DISTRICT III 1000 RIO BRAZOS RD., AZTEC, NM 87410 Phone: (606) 334-6176 Past (605) 334-6170 Santa Fe, New Mexico 87505

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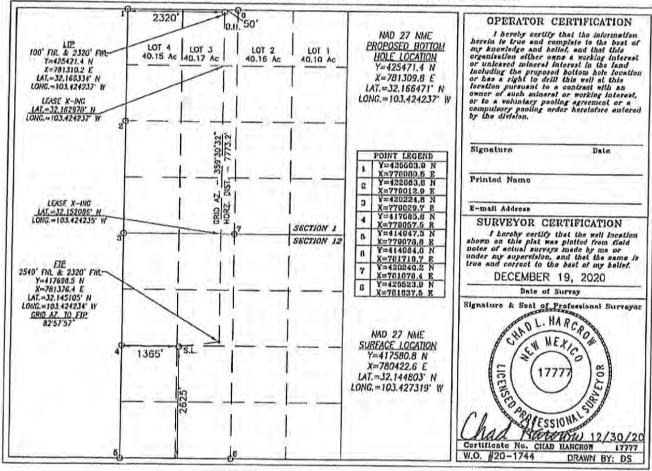
DISTRICT IV 1920 R. FT. PRANCIS DR., MANTA FR. NU 57535 Phones (605) 476-3460 Pari (605) 470-3462

C AMENDED REPORT



#### State of New Mexico Energy, Minerals & Natural Resources Department DISTRICT I 1020 M. PRESICE DR., HORDY, MM 40240 Phone: (075) 843-0101 Past (675) 043-0760 Form C-102 DISTRICT 11 011 S. VIRST ST., ARTESIA, MM 00210 Phone: (676) 740-1203 Fast (676) 740-9720 OIL CONSERVATION DIVISION Revised August 1, 2011 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 Submit one copy to appropriate DISTRICT III 1000 RIO BRAZOS RD., AZTEC, NM 87410 Phane: (606) 334-6170 Pain (606) 334-6170 District Office DISTRICT IV 1820 B. ST. FUNCTS DR., BANTA FR. NU B7636 Phone: (605) 476-3400 Past (605) 476-3402 C AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT API Number Pool Code Pool Namo Property Code Property Name Toll Number GREEN EYESHADE FEDERAL COM 703H OGRID No. Operator Name Elovation COG OPERATING, LLC 3400.8' Surface Location UL or lot No. Scotlon Township Range Lot Idn Foot from the North/South line Feet from the East/West line County K 12 25-S 34-E 2625 SOUTH 1365 WEST LEA Bottom Hole Location If Different From Surface UL or lot No. Section Township Rango Lot Idn Feet from the North/South line Feet from the East/West line County 3 1 25-S 34-E 50 NORTH 2320 WEST LEA Dedleated Acres Joint or Infill Convolidation Code Order No.

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

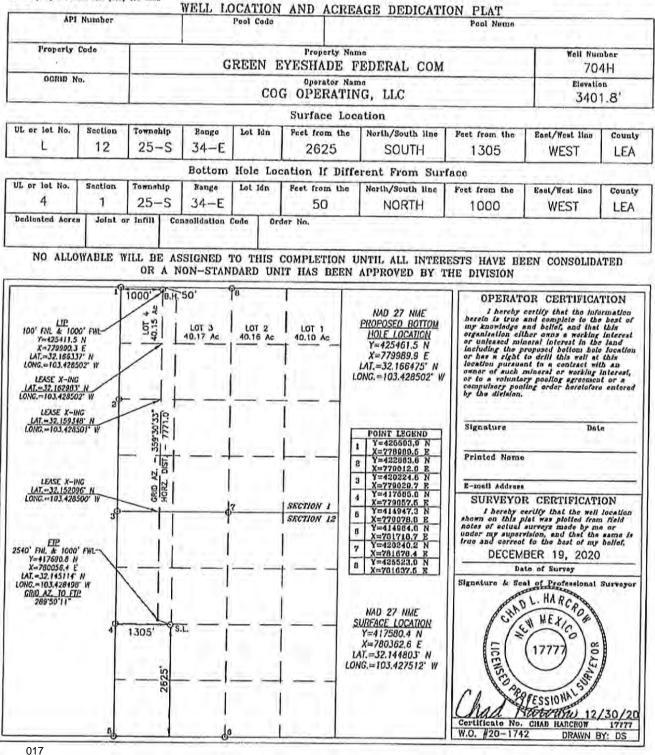


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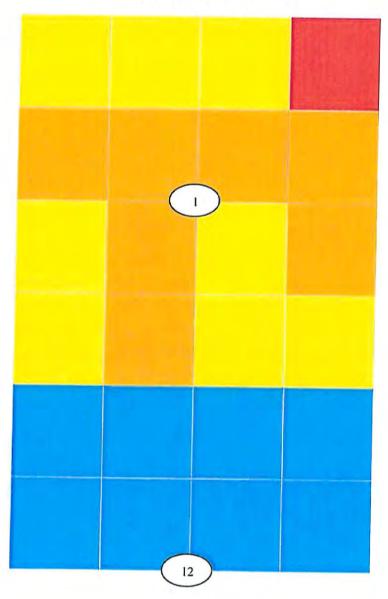
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

Promet (606) 334-6174 Part (605) 334-6170 DISTRICT IV 1200 B. BT. PRANCIN NR., BAITA PR., NM NYGOA 1200 B. BT. PRANCIN NR., BAITA PR., NM NYGOA Promet (606) 474-3460 Part (606) 474-34811

D AMENDED REPORT



Green Eyeshade Unit T25S-R34E-Section 1: ALL & Section 12: N2 LEA COUNTY, NM



Tract 1

Tract 2

Tract 3

Tract 4

COG OPERATING LLC Case No. 22474 Exhibit 5 Released to Imaging: 4/7/2022 4:57:27 PM

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## Green Eyeshade Unit T25S-R34E-Section 1: ALL & Section 12: N2 LEA COUNTY, NM

## Unit Working Interest

0.035097%
0.790015%
0.901630%
2.370049%
2.666306%
8.189752%
11.807698%
73.239453%

### Tract I - N2NW, NWSE, W2SW, W2SE, SESE - T25S-R34E

COG Operating, LLC	75.332905%
Oxy Y-1 Company	24.561837%
Yates Industries, LLC	0.105258%
Total	100.000000%

### Tract 2 - NENE of Section 1 - T25S-R34E

Total	100.000000%
BEXP I, LP	2.370368%
MRC Permian Company	7.111111%
Marathon Oil Permian LLC	8.000000%
Chief Capital (O&G) II LLC	21.637333%
COG Acreage LP	3.555555%
COG Operating, LLC	57.325633%

### Tract 3 - S2N2, E2SW, NESE of Section 1 - T25S-R34E

100.000000%
2.370368%
7.111111%
8.000000%
39.982222%
42.536299%

### Tract 4 - N2 of Section 12 - T25S-R34E

COG Operating LLC

100.000000%

### **Pooling Notification List**

### Working Interest Owners

Oxy Y-1 Company 5 Greenway Plaza, Ste 100 Houston, TX 77046

Marathon Oil Permian LLC 5555 San Felipe Street Houston, TX 77056

MRC Permian Company One Lincoln Center 5400 LBJ Freeway, Ste 1500 Dallas, TX 75240

Chief Capital (O&G) II LLC 8111 Westchester Drive, Ste 900 Dallas, TX 75225

Yates Industries, LLC 403 W. San Francisco Street Santa Fe, NM 87501

### Unmarketable Title

Terry Davis Holt 122 Vintage Drive Corinth TX 76210

Allen Clay Davis P.O. Box 962 Ardmore OK 73402

Shawn Freck 816 E. Centre Avenue Buckeye AZ 85326

Jerry Nick Cappadonna P.O. Box 56 La Ward TX 77970

Sandra Lee Broman Powers a/k/a Sandra Lee Powers, Personal Representative of the Estate of Mildred Broman 2596 Calle Delfino Santa Fe NM 87505

Willie Margaret Baird Estate 305 E. 15th Street Littlefield TX 79339

Gerald Lain 4209 San Saba Ct Plano TX 75074

Garren Lain 534 Arawe Cir W Irving TX 75060

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Pooled parties highlighted in yellow. Garlon Lain 4209 San Saba Ct Plano TX 75074

Chance Lain 1051 Kenny Fort Xing Unit 60 Round Rock TX 78665

Annie Lain 2325 Arroyo Ct Plano TX 75074

Haydon Lain 150 Ethan Drive Weatherford TX 76087

Betty Ruth Patterson 43195 Fringewood Drive, Apt 36 Whitney TX 76692

Charlotte McGehee 305 E. 18th Street Littlefield TX 79339

Estate of Ruth S. Marion 79 Apache Drive Kerrville TX 78028

Norma Baird Loving 2009 Crocket Court Irving TX 75038

Page Stephanie Baird 736 Mulberry Lane Desoto TX 75115

Georgia Davis Griffith 941 Bois d Arc St Whitesboro TX 76273

Donna David Hammack 2911 Sable Crossing San Antonio TX 78232

James M. Davis P.O. Box 4251 Midland TX 75692

The Lee and Judy Davis Revocable Trust 1625 9th Avenue, SE St. Cloud MN 56304

Charlotte S.E. Garza 324 Heneretta Drive Hurst TX 76054

Jerry Wayne Billington P.O. Box 1994 Amarillo TX 79105 Released to Imaging: 4/7/2022 4:57:27 PM

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Michael Hall Medlin 223 FM 474 Boerne TX 78006

Robert Freck 6020 Manila El Paso TX 79924

Karen Freek 7931 Presidio Boerne TX 78015

Michael Freck P.O Box 5121 Sam Rayburn TX 75951

Jeanene Hollis P.O. Box 888 Socorro NM 87801

William K. Hollis 1610 Heritage Mission TX 78572

Shamrock Royalty LP 200 W. Highway 6, Suite 320 Waco TX 76712

James M. Davis, Independent Executor of the Estate of James Hall Medlin 705 West 11th Street Austin TX 78701

Jerry D Billington, PR of the Estate opf Jamie Ann Billington 4433 S. Lipscomb Street Amarillo TX 79110

Barbara K. Medlin, PR of the Estate of Kenneth Wayne Medlin 4819 E. Libby Scottsdale AZ 85254

Barbara K. Medlin 4819 E. Libby Scottsdale AZ 85254

Sue Ann Medlin Rowley 9942 E. Desert Aire Drive Tueson AZ 85730

Lisa Beth Hogan Campbell 6887 Valley Brook Drive Frisco TX 75035

Richard Hogan 6887 Valley Brook Drive Frisco TX 75035

Cathy Cappadonna 35 County Road 2531 Ganado TX 77962

Mitchell Cappadonna 522 Hancock Ave

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### Corpus Christi TX 78404

Mark Cappadonna 26 Shearwater Irvine CA 92604

Bo Cappadonna 11206 Hunters Break #6 Helotes TX 78023

Carol Cappadonna P.O. Box 56 La Ward TX 77970

Elizabeth Mosely Hogan 1300 Neighborhood Place Seminole OK 74868

Sheila Shirley Hosford 1528 Shady Oaks Circle Glen Rose TX 76043

Tessa Manke 13229 Moonlake Way Haslet TX 76052

Matthew Hosford 1528 Shady Oaks Circle Glen Rose TX 76043

Jacob Hosford 7954 Belladonna Drive Fort Worth TX 76123

Bevin Hosford 1528 Shady Oaks Circle Glen Rose TX 76043

Greg Vaughn 1405 Glasier Drive Carlsbad NM 88220

Roger Vaughn 3203 Leaf Lane #B Austin TX 78759

Charles Hosford 1523 Neal Road Tomball TX 77375

Viper Energy Partners 500 West Texas, Suite 1200 Midland TX 79701

William Joseph Mosely, Jr., deceased 5447 Vickery Boulevard Dallas TX 75206

Peggy Neal Pool 306 NE 35th Street Grand Prairie TX 75050 Estate of Louise B. Thompson P.O. Box 1197 Kermit TX 79745 .

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Thompson Family Trust 1856 Bugtussle West TX 76691

Tilden Capital Minerals, LLC P.O Box 470857 Fort Worth TX 76147

GGM Exploration, Inc. P.O. Box 123610 Fort Worth TX 76121

Pegasus Resources 2821 W 7th Street, #500 Fort Worth TX 76107

TD Minerals LLC 8111 Westchester Drive, Ste 900 Dallas TX 75225

Via Federal Express

July 23, 2021

BEXP I, LP 5914 W. Courtyard Drive. Ste 340 Austin, TX 78730

Re: <u>Green Eyeshade Fed Com 601H, 602II, 603H, 702H, 703H, 704H</u> Sec 1: ALL - T25S-R34E Sec 12: N/2 - T25S-R34E Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC ("COG"), as Operator, hereby proposes to drill the following wells located in Section 1, 25S-34E and N/2 of Section 12, 25S-34E, Lea County, New Mexico:

The Green Eyeshade Fed Com #601H well has a surface hole location of 2365' FSL and 1470' FEL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 1000' FEL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,650' and a MD of approximately 20,600' to test the Bone Spring formation within the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Green Eyeshade Fed Com #602H well has a surface hole location of 2365' FSL and 1530' FEL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 2320' FEL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,650' and a MD of approximately 20,600' to test the Bone Spring formation within the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Green Eyeshade Fed Com #603H well has a surface hole location of 2625' FSL and 1335' FWL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 1640' FWL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,650' and a MD of approximately 20,600' to test the Bone Spring formation within the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Green Eyeshade Fed Com #702H well has a surface hole location of 2365' FSL and 1500' FEL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 1640' FEL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,915' and a MD of approximately 20,850' to test the Wolfcamp formation within the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

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COG OPERATING LLC

Case No. 22474 Exhibit 6 Green Eyeshade Fed Com 601H, 602H, 603H, 702H, 703H, 704H Page 2

The Green Eyeshade Fed Com #703II well has a surface hole location of 2625' FSL and 1365' FWL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 2320' FWL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,915' and a MD of approximately 20,850' to test the Wolfcamp formation within the Wolfbone Pool("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Green Eyeshade Fed Com #704H well has a surface hole location of 2625' FSL and 1305' FWL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 1000' FWL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,915' and a MD of approximately 20,915' to test the Wolfcamp Formation within the Wolfbone Pool("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill these wells under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers Sec 1: T25S-R34E and Sec 12: N/2 - T25S-R34E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$8,000/\$800 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation elections in the spaces provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic well requirements. If you do not wish to participate, COG proposes to acquire your interest via term assignment. It has the following general provisions:

- 3 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$2,000 per net acre bonus consideration

The Term Assignment offer terminates September 1, 2021 and is subject to the approval of COG's management and verification of title. If an agreement cannot be reached within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

I can be reached at (432) 685-4352 or matt.solomon@conocophillips.com

Respectfully,

Matt Solomon Staff Land Negotiator

Received by OCD: 4/7/2022 4:53:41 PM

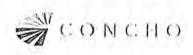
Green Eyeshade Fed Com 601H, 602H, 603H, 702H, 703H, 704H Page 3

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## Green Eyeshade Fed Com 601H

	I/We hereby elect to participate in the Green Eyeshade Fed Com 601H.
	I/We hereby elect <u>not</u> to participate in the Green Eyeshade Fed Com 601H.
	Green Eyeshade Fed Com 60211
	I/We hereby elect to participate in the Green Eyeshade Fed Com 602H.
	I/We hereby elect <i>not</i> to participate in the Green Eyeshade Fed Com 602H.
	Green Eyeshade Fed Com 603H
	I/We hereby elect to participate in the Green Eyeshade Fed Com 603H.
	I/We hereby elect not to participate in the Green Eyeshade Fed Com 603H.
	Green Eyeshade Fed Com 702H
_	I/We hereby elect to participate in the Green Eyeshade Fed Com 702H.
	I/We hereby elect not to participate in the Green Eyeshade Fed Com 702H.
	Green Eyeshade Fed Com 703H
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	I/We hereby elect not to participate in the Green Eyeshade Fed Com 703H.
	Green Eveshade Fed Com 704H
	_ I/We hereby elect to participate in the Green Eyeshade Fed Com 704H.
	I/We hereby elect not to participate in the Green Eyeshade Fed Com 704H.

# Company: \_\_\_\_\_\_ By: \_\_\_\_\_\_ Name: \_\_\_\_\_\_ Title: \_\_\_\_\_\_ Date: \_\_\_\_\_\_



Via Certified Mail

July 23, 2021

Allen Clay Davis P. O. Box 962 Ardmore OK 73402

Re: <u>Green Eveshade Fed Com 60111, 602H, 603H, 702H, 703H, 704H</u> Sec 1: All - T25S-R34E Sec 12: N/2 - T25S-R34E Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC ("COG"), as Operator, hereby proposes to drill the following wells located in Section 1, 25S-34E and N/2 of Section 12, 25S-34E, Lea County, New Mexico:

The Green Eyeshade Fed Com #601H well has a surface hole location of 2365' FSL and 1470' FEL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 1000' FEL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,650' and a MD of approximately 20,600' to test the Bone Spring formation within the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Green Eyeshade Fed Com #602II well has a surface hole location of 2365' FSL and 1530' FEL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 2320' FEL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,650' and a MD of approximately 20,600' to test the Bone Spring formation within the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Green Eyeshade Fed Conn #603II well has a surface hole location of 2625' FSL and 1335' FWL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 1640' FWL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,650' and a MD of approximately 20,600' to test the Bone Spring formation within the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Green Eyeshade Fed Com #702H well has a surface hole location of 2365' FSL and 1500' FEL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 1640' FEL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,915' and a MD of approximately 20,850' to test the Wolfcamp formation within the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

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One Concho Center [ 600 West Bloois Avenue ] Midland - Ozas 79701 [ P 352 693,7443 ] E 332 693 7441

Page 47 of 128

Green Eyeshade Fed Com 601H, 602H, 603H, 702H, 703H, 704H Page 2

The Green Eyeshade Fed Com #703H well has a surface hole location of 2625' FSL and 1365' FWL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 2320' FWL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,915' and a MD of approximately 20,850' to test the Wolfcamp formation within the Wolfbone Pool("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Green Eyeshade Fed Com #704H well has a surface hole location of 2625' FSL and 1305' FWL of Section 12, 25S-34E, and a bottom hole location of 50' FNL and 1000' FWL of Section 1, 25S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,915' and a MD of approximately 20,915' to test the Wolfcamp Formation within the Wolfbone Pool("Operation"). The total cost of the Operation is estimated to be \$7,016,705 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill these wells under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers Sec 1: T25S-R34E and Sec 12: N/2 - T25S-R34E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$8,000/\$800 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation elections in the spaces provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic well requirements. If you do not wish to participate, COG would like to lease your minerals under the following general terms:

- Bonus of \$2000/Net Mineral Acre
- 3 Year Primary Term
- 25% Royalty Interest

The Lease offer is subject to the approval of COG's management and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

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I can be reached at (432) 685-4352 or matt.solomon@conocophillips.com

Respectfully,

Matt Solomon Staff Land Negotiator

Green Eyeshade Fed Com 601H
_ I/We hereby elect to participate in the Green Eyeshade Fed Com 601H.
I/We hereby elect not to participate in the Green Eyeshade Fed Com 601H.
Green Eyeshade Fed Com 60211
I/We hereby elect to participate in the Green Eyeshade Fed Com 602H.
1/We hereby elect <u>not</u> to participate in the Green Eyeshade Fed Com 602H.
Green Eyeshade Fed Com 60311
I/We hereby elect to participate in the Green Eyeshade Fed Com 603H.
1/We hereby elect not to participate in the Green Eyeshade Fed Com 603H.
Green Eyeshade Fed Com 702H
WWe hereby elect to participate in the Green Eyeshade Fed Com 702H.
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I/We hereby elect <i>not</i> to participate in the Green Eyeshade Fed Com 703H.
Green Eveshade Fed Com 704H
I/We hereby elect to participate in the Green Eyeshade Fed Com 704H.
I/We hereby elect not to participate in the Green Eyeshade Fed Com 704H.

Date:

GREEN EYESHADE FED COM 601H	PROSPECT NAME:	Buildon 2534 (717039)	
Sec 12: 2365 FSL & 1470 FEL	STATE & COUNTY:		
Sec 1: 50 FNL & 1000 FEL	OBJECTIVE		
Bone Spring	DEPTH:		
Sec 12: 255 34E	TVD:	12,650	
	Sec 12: 2305 FSL & 1470 FEL Suc 1: 50 FNL & 1000 FEL Bone Spring	Soc 12: 2305 FSL & 1470 FEL         STATE & COUNTY:           Sec 1: 50 FNL & 1000 FEL         OBJECTIVE:           Bone Spring         DEPTH:	Soc 12: 2365 FSL & 1470 FEL         STATE & COUNTY:         New Mexico, Lea           Sec 1: 50 FNL & 1000 FEL         OBJECTIVE:         Drill and Complete           Bone Spring         DEPTH:         20,000

INTANGIBLE COSTS TeleConstruction	201	Drig - Rig Release(D) 20 000		Completion(C)		Tank Btty Constrcin(TB)		Equipment(PEQ)	10
Insulance	202	2,500							_
Damages/Right of Way	203	20,000			351	063			-
Survey/Stake Location	204	7,000							-
Location/Pto/Road Expense	205	165.000			353	23,770	366	4,000	
Driing / Completion Overhead Turnkey Contract	204	5,700			9 G.				
Footage Contract	207		307	571,000	1.10				
Daywark Contract	209	431.000	•	1					
Directional Onling Services	210	421,000			÷.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				
Fuel & Power	211								
Water	212	120,000		25,000	354		367		
Onts	213	40 000		273,000			306		
Mud & Chemicals		85,000					369		-
Oril Stem Test	214	194,750					370		1
Coring & Analysia	215		315	225,000					2
Coment Surface	216				1.1				_
Coment Intermediate	217	20,000		-	61.8				
Cement 2nd Intermediate/Production	210				1.2				
Cement Squeeze & Other (Rickoff Plug)	220	62,500	•						
First Equipment & Centralizers	221	50,000	<ul> <li>15</li> </ul>		1.1		3/1		_
Casing Crews & Equipment	222	55 000							
Fishing Tools & Bervice	223	53,000			1.1				
Geologic/Engineering	224		323		355		372		_
Contract Labor	225	0.500		2,000		11 110	373		-
Company Supervision	225	34 200		2,000	356	73,713	374	16,000	- 10
Contract Supervision	227	76,000		15,000	357 -	2,468	375		
Testing Casing/Tubing	226	40,000		91,000	100		376		- 10
Mud Logging Unit	229	34,000		44,000			\$77		
Logging	230	34,000		44,000	1.14		378		
Perforating Witeline Services	231	10.000	131	179,000	1.1				
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Completion Unit	111		332				380		
Swabbing Unit			334		( ) E		341		
Rentals-Surface	235	128,250	335		350 -		382		
Rentals-Subsurface	236	114,000	330		200 -		363		12
Trucking/Fankin/Flig Mobilization	237		337	10.000	360		345		- 11
Welding Services	238	6.000	338	10.000	361		306		21
Water Disposal	230		339	20.000	362		360		-
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Deismic Analysis	241		341		-				
Macelaneous	242		342	3,000	-		200		
Contingency	243	65,000	343	the second s	363		390		12
Closed Loop & Environmental	244		344		364		388		19
Fuel - Diesei	245		345	256,000					25
Col Tubing	2.1		346	206,000	1.5		100		20
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ective System ectered Anchors/Hargers sound part Targers as LinCompression inhydration ecton Plant CO2 Equipment imps-Surface liturentspon/SCADAPOC ectenneous references references references references references transpress intigeney references transpress transpr	415	716.000	519	60.000 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	39.01m 5 117,778 24.603 16.722 5 75,514 55 582.962 582.962	22 25 26 1 1	37,000	24 24 21 75 1552
ective System ectered Anchors/Hargers sound part Targers as LinCompression inhydration ecton Plant CO2 Equipment imps-Surface liturentspon/SCADAPOC ectenneous references references references references references transpress intigeney references transpress transpr	415	716.000 3 241.010	519	60,000 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1557
lectical System ackens/Anchars/riangers ackens/Anchars/riangers ast.IR/Compression estian Plant/CO2 Equipment imps-Surface Unimers/ans/CADAPOC sectances intingency i	415	716.000 3.241.910 44%	519	60.000 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1552
ective System ectered Anchors/Hargers sound part Targers as LinCompression inhydration ecton Plant CO2 Equipment imps-Surface liturentspon/SCADAPOC ectenneous references references references references references transpress intigeney references transpress transpr	415	716.000 3 241.010	519	60,000 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1552
ective System ectered Anchors/Hargers sound part Targers as LinCompression inhydration ecton Plant CO2 Equipment imps-Surface liturentspon/SCADAPOC ectenneous references references references references references transpress intigeney references transpress transpr	415 419 419 1	716.000 3.241.910 44% ate Prepared	519	60.000 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1552
ectival System sectem/Anchors/Filangers soundpastFilangers soundpastFilangers soundpastFilangers soundpastFilangers soundpastFilangers thydraten imps-Sounders intersContact interSconta	415 419 419 1	716.000 3.241.910 44%	519	60.000 3 3 3 3 3 3 3 3 5 3 5 3 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 21 25 75
ectical System ectical System ectical System st LittCompression inhydration ection PractCO2 Equipment imps-Surface liturentspon/SCADAPDC ectioneous integrancy integ	415 419 419 1	716.000 3.241.910 44% ate Prepared	519	60.000 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1552
ective System eckens/Anchors/Filangers eckens/Anchors/Filangers eckens/Anchors/Filangers eckens/Anchors/Filangers ection PlantCO2 Equipment impsSystem ection PlantCO2 Equipment impsSystem ithmarkact	415 419 419 1	716.000 3.241.910 44% ate Prepared	519	60.000 3 3 3 3 3 3 3 3 5 3 5 3 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1557
ectival System sectem/Anchors/Filangers soundpastFilangers soundpastFilangers soundpastFilangers soundpastFilangers soundpastFilangers thydraten imps-Sounders intersContext interSconte	415 419 419 1	716.000 3.241.910 44% ate Prepared	519	60.000 3 3 3 3 3 3 3 3 5 3 5 3 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1552
edical System chere/Anchangers uchere/Anchangers uchere/Anchangers hydraten bydraten mps-Surface mps-Surface mps-Surface certainrous changersy tereit.ecr instCombustersEnvision 110/Compression 110/Compressi	415 419 419 1	716.000 3.241.910 44% ate Prepared	519	60.000 3 3 3 3 3 3 3 3 5 3 5 3 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1557
etikel System ckers/Anchores ckers/Anchores ckers/Anchore/Sangers ckers/Anchore/Sangers ckers/Anchore/Sangers ckers/Sangers/ c	415 419 419 1	716.000 3.241.910 44% ate Prepared	519	60.000 3 3 3 3 3 3 3 3 5 3 5 3 5 5 5 5 5 5	115 110 117 110 121 122 223 224 225	30.01m 5 117,778 24.603 16.722 5 5 75,514 5 582,952 644,295	22 25 26 1 1	37,000 94,000 134,000	24 24 21 75 1557

1)	Buildeg 2534 (717039)	PROSPECT NAME	GREEN EYESHADE FED CON 602H	WELL NAME
	New Mexico, Lea	STATE & COUNTY:	Sec 12: 2365 FSL & 1530 FEL	SHL
	Drill and Complete	OBJECTIVE:	Sec 1: 50 FNI, & 2320 FEL	BHL:
	20,600	DEPTH:	Bone Spring	FORMATION
		TVD	Sec 12: 25S 34E	LEGAL:
	20,600 12,650			LEGAL:

INTANGIBLE COSTS	_ 20	The second se		Completion(C)		Tank Bity Constrain(TB)		Pmpg Equipment(PEQ)	TO
Insurance Damages/Right of Way	- 200								_
Survey/Stake Location	20				351	606			_
Location/PitsRoad Expense	205								-
Driing / Completion Overhead	200				353	23.779	356	4 000	
Turnkey Contract	207		300						
Foulage Contract	200		308					-	5
Daywork Contract	201				1.5				2
Ovectional Drilling Services									6
Fuel & Power	- 210			No. Ite is a	1.14				
Nator	211				254		367		- 1
Bita							360		
Aud & Chemicals	- 213						369		
On Stem Test	_ 214						370		1
	_ 215		315	225,000					_ 2
oring & Analysis	210								-
ement Surface	217	20,900							
ement intermediate	216								-
ement 2nd Intermediate/Producton	_ 219		2		1.1				
ament Squeeze & Other (Ockoff Plug)	- 220						371		200
ioat Equipment & Centralters	221	50,000							
aring Crews & Equipment	222	55,000			14				
ishing Tools & Service	223		323		5. Q		372		_
actogic/Engineering	224		324		355		373		
Contract Labor	225	6.500		2,000	356	73,713	374	16,000	10
ompany Supervision	226	34 200		15,000	257	2,680	375		
ontract Supervision	227	78.000		91,000	356		376		11
esting Casing/Tuting	228	40,000	328		1445		377		
ud Logging Unit	220	34,000		48,000	1.2				
ogping	230				1.5		378		-
erforating/Wireline Services	231	10,000	331	170,000	1		379	-	18
tmulation/Treating	100		332	110.00			360		205
ampletion Unit			333		1.5		3#1		
wabbing Unit	1.1		334				362		1.000
entals-Suiface	235	128,250	335		259		363		12
entals-Subsurface	236	114,000	336	the second second second			384		
ucking/Farkin/Rig Materiation	237	200,000	337	10.000	360		385		21
elding Services	236	0.000	336		361		386		
ater Disposal	239	2772.1	339		267		187		2
ug to Abandan	240		340	STORES.					
iamic Analysis	241		341						
scelanisous	242		342	3,000	-		380		
antingency	243	65,000	343		203		990		17
band Loop & Environmental	244	194,750	344		364		388		
art - Diesel	245	1047.20	345	254,000			-21		19
al Tuting			346	206,000	-		192		29
owback Craws & Equip	5 L		347	10,000	-		91		
fant Directional/Fras	243		346	10,000	-			16,000	2
TOTAL INTANGIBLES		2,525,910		2,796,500	10	101,343	1	40,000	5,46
ANGIBLE COSTS									
aface Cassing	401	32,000							
ermediate Casing	402	280,000			-				
duction CaningSuner	403	334,000			-		-		280
bing	405		11.0						33
Ihead Equipment	405		504	52,000	-		. 00		52
mping Unit	405	70,000	505 _	28,000	-		- 16	32,000	130
					-		OB _		_
na Mover					-		07 _		
mps-Sub Surface (BH)					-		08 -		-
mps-Sub Surface (ID4)			100 -				25		-
			11.5		10 _	44,361	1.4	100 Contraction (100 Contraction)	- 44
winns			-			60,656	12		80
nter Franter/Deparator			-		12 _	164 000	1		184
ctrical System			11-		" _		33	10,000	49
ken/Anchars/Hangers	414		514 _	60,000			24 _		60
pingsFangsValue	415		-		15	117,774	10		117
Lit/Compression	197		-		16		1		-
lydration	1.10		1.2		17		12		
tion PlanVCO2 Equipment					16	3	12		
					21	24 693	- 2		24
			1		22	16.722 5	79	15,000	31
rumentation/SCADAPOC	1.1.1		519		23	5	15		
rumentation/SCADAPOC relianceus	419		520		24		10		
rumentalien/SCADA/POG cellaneous dingency	419		180		46	75,514	1		75
rumentalian/SCADAPOG celaneous Imgency est.AcT			" _	5		70,014			
rymenialian/SCADAPOG cetaneous lingency sest.AcT esCombuster/Emission			18	5	20	74,014	12	and the second se	
rumenialan/SCADAPOC celaneous disgency escAntor esCantuotes/Emissan L/RComplets/Emissan			27				20 -	37 500	57
n/menialan/SCADAPOG cetaneous bigency ext.Act ext.Act ext.Act vol.Compresson iOnCompresson iOnCompresson			18	5			20 -	37 000	
vmenialarvSCADAPOC Jedaneous migency ercA.ACT ercCombustevEmpsan LMCompresson			18	20,000		5	20		1,552
rumenialion/SCADAPOG cetaneous lingency met.ACT exCompression Un/Compression Cont_travent_cs TOTAL_WELL_COSTS % of Total Well_Cost		716,000	18	20,000 160,000		582,952	20	94 000	1,552
rumenialion/SCADAPOG cetaneous lingency met.ACT exCompression Un/Compression Cont_travent_cs TOTAL_WELL_COSTS % of Total Well_Cost	420	716.000 3.241.010 46%	18	5 20.000 160.000 2.055.500 42%		582,952 664,295	20	94,000	1,552
rumentalian/SCADAPOG celaneous bilgency text.ACT es/Compresson I/A	420	716.000 3.241.910 46% Date Prepared	18	5 20.000 160.000 2.056.500		582,952 664,295	20	94,000	57, 1,552 7,016
Aumenialian/SCADAPOG celaneous Migency arcMACT exCombuster/Emission Cortal tailorities Total Well Costs S Operating LLC approvin	420	716.000 3.241.010 46%	18	5 20.000 190.000 2.095.500 4255 7/72921		582,952 664,295	20	94,000	1,552
Automatisan/SCADAPOC telaneous disgency estUACT estCantuatevelimissan UniCompression torAL TANORILES TOTAL WELL COSTS Soft Total Well Cost Coperating LLC	420	716.000 3.241.910 46% Date Prepared	18	5 20.000 160.000 2.055.500 42%		582,952 664,295	20	94,000	1,552
S Operating LLC % of Total Well Coxt	420	716.000 3.241.910 46% Date Prepared	18	5 20.000 190.000 2.095.500 4255 7/72921		582,952 664,295	20	94,000	1,55

Ponted Nam Tite Date

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

GREEN EYESHADE FED COM 603H	PROSPECT NAME	Buildog 2534 (717039)	
Sec 12: 2025 FSI, & 1335 FWL	STATE & COUNTY:	New Mexico, Lea	
Sec 1: 50 FNL & 1640 FWL	OBJECTIVE:	Drill and Complete	
Bona Spring	DEPTH:	20.600	
Sec 12: 25S 34E	TVD.	12,650	
	Sec 12: 2025 FSI. & 1335 FWL Sec 1: 50 FNL & 1640 FWL Bone Spring	Sec 12: 2025 FSL & 1335 FWL         STATE & COUNTY:           Sec 1: 50 FNL & 1040 FWL         OBJECTIVE:           Bono Spring         DEPTH:	Sec 12: 2025 FSL & 1335 FWL         STATE & COUNTY:         New Maxico, Loa           Sec 1: 50 FNL & 1640 FWL         OBJECTIVE:         Dril and Complete           Bene Spring         DEPTH:         20,600

INTANGIBLE COSTS	_ 20			Completion(C)		Tank Billy Constrcin(TB)		Pmpg. Equipment(PEQ)	101 2
Instrance Damages/Right of Way	- 20								
Survey/Stake Location	- 20				351	963			2
LocationPits/Road Expense	20								
					353	23,779	366	4,000	19
Dring / Completion Overhead	- 20				3				1
Turnkey Contract	_ 20		307						57
Footage Coldract	_ 20		305						21
Daywork Contract	_ 20			193,000				and the second second	61
Directional Drilling Genrices	_ 21	248.000	310	294,000	feel.				54
Fuel & Pawer	21	120,000	311	26,000	354		267		14
Water	21	40,000	312	273,000	W.C.		368		31
DAs	21	85,000	313				350		0
Mud & Chemicals	21						370		19
Ord Stem Test	21		315	225,000			31.0		
Inring & Analysis	21				1.11				
Tement Surface			611		1.14				-
Immediate	- 21				- 64				2
	- 21	the second secon			. G				7
Cement 2nd Intermediate/Production	211								
Cement Squeeze & Other (Kickoff Plug)	220		2.1		1.1		371		-
lost Equipment & Centralizers	22				2 Q				5
Taking Crews & Equipment	273	55,000			- 12				5
shing Tools & Service	223		323		110		372		
lealogic/Engineering	224		324		365		373		
Contract Labor	225			2,000	356	73.713	374	15,000	10
ompany Supervision	726			15,000	357	2.685	375	10,040	- 5
ontract Supervision	227				358	- 100	376		10
esting Casing/Tubing	220			51,000					
lud Logging Unit	220				-		377		- 40
ogging			329	48.000			1		
erforating/Winking Services	230				1.14		378		-
	231	10.000	331	170,000	-		379		161
dmulation/Treating	-		332				340		
ompletion Unit		-	333		1.1		361		
wabbing Unit	1.17		234				382		
entals-Surface	235	128,250	335		350	·	363		128
entals-Subsurface	236	114,000	335		1.1		284		114
ucking/Ferkitt/Rig Mobilization	237	200.000	337	10.000	360		345		210
fulling Senices	238	0.000	334		361		366		
aler Ospesal	230		339	20,000	362				
lug to Abandon	240			20,000	302		317		20
ennic Analysis			340		-		1.1		_
	- 241		341						
scolaneous	242	2.00	242	0.000	72.6		209	the second s	)
aningency	243		343	57,000	363 _		390		172
osed Loop & Environmental	244	194,750	344		264 _		260		154
iel - Diesel	245		345	255,000	12		11.0		258
HTubing			346	206,000			392		206
owback Crews & Equip			347	10,000	1.1		591	16 000	26
fint Drectonal/Frac	248		348			and the second s			1.1.1
TOTAL INTANGIBLES		2.525,910	-	2,794,500		101 343		40,000	5 443
					- 5				
ANGIBLE COSTS									
rface Casing	401	32,000							32
ormediate Casing	402	280,000					1.1		280
aduction Casing/Liner	403	334,000			-				234
ting			504	52,000	-		530		
elhead Equipment	405		505	28,000	-				52
mping Unit	465	19,000	· · ·	10,000	-		. 10	32 000	130
			1.1		_		-05		
me Mover					-		07		
ds			3. A		-		05		-
mps-Sub Surface (BH)	2		509				32		-
nks	2		112		19	44.301	- 2		44
wines					11	60.655	1.2		60,
Aler Treater/Separator					12	164.000	0.7		164,
etrical System		_	15		112		33 <sup>-</sup>	10,000	49.
ken/Ancharshfangers	414		514	60,000	1.5		34		60
ple gvFitting Walves	415			the second s	15	117,778			117.
LACompression			-		16 -	True a	-		
rydration			1.0		_		-		
ction PlanVCO2 Equipment			1.0		"-		-		_
nps-Surface			-		10		-		
			-		21	24,693			24.6
Inmeniation/SCADA/POC	1				22		29 _	15.000	31.3
celaneous	419		519_		23		35		
ningency	420		20		24	5	56		2227
ersLAGT				5	25	75 514	107		75.5
es/Combusters/Emission			192	5	20		12	Start Street and	
UNCompression			27	20,000	1		26	37 000	57,0
OTAL TANGINLES		716 000	107	160,000	_	582,952	-	94 000	1,552.0
TOTAL WELL COSTS		3,741,010	-	2,956,500	-	684,295	-	134.000	7.016,2
		0,101,010	-		-	444,649	+	(14,000	- (juid)
% of Total Well Cost 3 Operating LLC		46%		42%		10%		2%	
		Date Plepared		1/22/21					
		COG Operating LLC							
		con opposing cos							
appreve _15 Working Interest		cod opining cos		AW-JV-PS-RM	-		-		
_% Working Interest		COO OPPRING LCC	-	MR-39-VG-WA	-		-		
_% Working Interest		Coo opining cco	-	AWJV-PS-AM	-		-		
_% Working Interest			-	AW-JV-PS-RM	-		-		
				AW-JV-PS-RM			-		

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GREEN EYESHADE FED COM 702H	PROSPECT NAME	Bulldog 2534 (717039)	
Sec 12: 2305 FSL & 1500 FEL	STATE & COUNTY:	New Mexico, Lea	
Sec 1: 50 FNL & 1640 FEL	OBJECTIVE	Drift and Complete	
Wolfcamp	DEPTH	20.850	
Sec 12: 25S 34E	TVD:	12,915	
	Sec 12: 2305 FSL & 1500 FEL Sec 1: 50 FNL & 1040 FEL Wolfcamp	Sec 12: 2305 FSI, & 1500 FEL         STATE & COUNTY:           Sec 1: 50 FNL & 1040 FEL         OBJECTIVE:           Wolfcomp         DEPTH:	Sec 12: 2305 FSI, & 1500 FEL         STATE & COUNTY:         Now Mexico, Lea           Sec 1: 50 FNL & 1040 FEL         OBJECTIVE:         Drift and Complete           Wolfcomp         DEPTH:         20,850

INTANGIBLE COSTS TablCurativePerint	201			Completion(C)		Tank Bity Construtn(TB)		Equipment(PEQ)	TOT
Insurance Damages/Right of Way	202				351				
Survey Stake Location	203			10,000	351	963			
Location@AuRoad Expense	205			5,000	351	73 779	305	4,000	- 6
Dising / Completion Overhead	206			12,500			140	4,000	- 10
Turnkey Contract	207		307	571,000					57
Footage Consist	209		306	218,000	1				211
Daywark Contract	209			103,000					61
Directional Drilling Services	210			294,000	1.01				54
Fuel & Power	211			26,000	354		367		140
Nater	212	40,000		273,000			368		313
las	213	65,000	313		1.12		369		65
Aud & Chemicals	214	194,750	314				370		104
Over Stem Test	215		315	225,000	1.1				72
Coling & Analysis	210		112						
ement Surface	217	20,000	1.2		1.1				20
ement Intermediate	218	79,660	- 3	the second s	- 6				75
ement 2nd Intermediate/Preduction	219	82 500	1.13		- 0				02
ement Squarte & Other (Kickof Flug)	220		1.0		1.0		371		
kost Equipment & Centralizets	221	50,000	1.3		1.15			· · · · · · · · · · · · · · · · · · ·	50
asing Crews & Equipment	222	55,000			1.12				55
ahing Tuols & Service	223		323		0.5		372		
enlagic/Engineering	274		374		355		373	10000	
anised Labor	225	6,500	325	2,000	356	73,713	374	18,000	100
ampany Supervision	226	34,200	330		357	2 689	375		57
ontract Supervision	227	76,000	327	91,000	258		376		167
eiting Casing/Tutsing	226	40,000	378		102		377		40
ud Logging Uns	229	34 000	329	46,000					62
ogng	230		12	in.c.	1.2		378		
erforating/Whitelow Senaces	231	10,000	331	179,000	1.14		379		180
Smutation/Treating			332				310		
ampletion Und			333		1.0		381		_
wabling Unit	140		134		11-		342		-
entais-Surface	235	124,250	335 _		359 _		263		128
entals-Subsurface	230		330 -		1.14		364		114
ucking#orkit/Rug Motxitation	237		237 _		360 _		385		210
elding Senices	236	6,000	338 _		361 _		200		6
ater Disposal	239		339 _	20,000	352 _		387		20
ug to Abandon	240		340 _		1.14		11.5		
scelanexus	241		341 _		-				_
ontrigency	242		342	3,000	· · · ·	the second se	360		
ored Loop & Environmental	243		343		163 _		390		122
el - Ciesa	245		345	254 000	364 -		288		194
HTubing	en3		346	206,000	-		392		254
whack Grews & Equip	· · · ·		347	10,000			291	18,000	200
fort Directional/Frag	240		348	10,000	1.00		· · ·	16,000	28
TOTAL INTANGIBLES		2,525,910		2,796,500	1	101,343		40,000	5,453
ANGIBLE COSTS									
Inface Cesing	401	32,033	1.2		1.0		1.1		32
elmediate Casing	402	280,000	1.2				- 3		240
oduction CasepUner	403	334,000	1.12		1.2		1.5		334,
bing		the second se	504 _	57,000	12		530		52.
silhead Equipmeni	405	70,000	505 _	28,000	12		31	32,000	130,
mping Unit			_				.06		
me Movel			-		-		07		-
da		· · · · · · · · · · · · · · · · · · ·	-		1.2		05		
nps-Sub Sufface (BH)			509 _		. ÷		52 _		-
ika			-	the second se	10 _	44.361			- 44
wines	100		-		"-	60.660	-		80
Ini Treater/Separator			-		12	184,000			164
kals/AnchorsHangers					13 _	and the second se	33 -	10.000	49
pings/Fitings/Valves	414		514	60,000			- 10		60
L/WCompression	413		-		15 -	117 778	-		117,3
	1.0		-		10 -		-		
otion Plant/CO2 Equipment			-		17 -		-		-
npt-Surface			-		16 -				
rumentation/SCADA/POC			-		21	24,693	-	17 100	24.0
Colaneous	419		10 -		22		29 -	15,000	31,7
Engency	420		20		24 -		35 -		-
entACT					25 -	75,514	30 -		
esContusters/Emisson	1.1		-		26	13,514	1		75.6
L&Compression			27 -	20,000			26 -	37,030	\$7.0
OTAL TANGINLES		716.000	-	160,000	-	542.952		94,030	1,552,9
TOTAL WELL COSTS		3,241,910	-	2,956,500	-	664 205	-	134,000	7,016,7
	1.1		_	a station	-	000 203		101,000	
		40%		42%		10%		2%	
% of Total Well Cost				1/22/21					
3 Operating LLC % of Total Well Cost		Date Preparent							
% of Telai Well Cost 3 Operating LLC		Dale Prepared							
a Operating LLC		Dale Prepared							
a Operating LLC approve Y. Working Interest		UND STORE		AW-JV-P3-RM	_		_		
a Operating LLC		UND STORE			_		-		
3 Operating LLC Approve Working Interest		UND STORE					-		

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GREEN EYESHADE FED COM 703H	PROSPECT NAME	Buildog 2534 (7 17039)	
Sec 12: 2025 FSL & 1365 FWL	STATE & COUNTY:	New Maxico, Lea	
Sec 1: 50 FNL & 2320 FWL	OBJECTIVE:	Drill and Complete	
Wollcamp	DEPTH	20.650	
Sec 12, 255 34E	TVD	12,915	
	Sec 12: 2025 FSL & 1365 FWL Sec 1: 50 FNL & 2320 FWL Wollcamp	Sec 12: 2025 FSL & 1365 FWL         STATE & COUNTY:           Sec 1: 50 FNL & 2320 FWL         OBJECTIVE:           Wolfcamp         DEPTH	Sec 12: 2025 FSL & 1365 FWL         STATE & COUNTY:         New Moxico, Lea           Sec 1: 50 FNL & 2320 FWL         OBJECTIVE:         Drill and Complete           Wolfcamp         DEPTH:         20,650

INTANGIBLE COSTS TANCLUSINAPermit	20			Completion(C)		Tank Bity Constructn(TB)		Equipment(PEQ)	TO
Insurance	20				1.11				_
Damages/Right of Way	20				351	063			
Survey/Stake Location	_ 20			60,000					
Lucation/PauRoad Expense	_ 20			5,000		23.779	366	4,000	1
Orising / Completion Overhead	20			12,500	)				1.000
Tuintey Contract	20		307	571,000					5
Fontage Contract	20		308	218,000					2
Daywork Contract	20	9 421,000	309	193,000		· · · · · · · · · · · · · · · · · · ·			6
Directional Onling Services	21	0 248,000	310	214,000					5
Fuel & Power	21			25,000			367		
Water	21			273,000			556		3
Bea	21						300		
Mud & Chemicals	21						370		
Onl Stem Test	21			224.000			3/6		
Coring & Analysin			315	225,000					2
Cament Surface	- 210								-
Coment Internetiate	_ 21								
	_ 21		1.5						-
Coment 2nd Intermediate/Production	- 21								
oment Squeeze & Other (Kickoff Plug)	220						371	Contraction and the second	
Flaat Equipment & Centralizers	221	50.000							1.11
Casing Crews & Equipment	222	55.000							
Ishing Taols & Service	223		323				372		
SoologeEngneering	224		324		355		373		-
Contract Labor	225		325	2,000	356	73,713	374		
Company Supervision	226		326					18,000	
Contract Supervision				15,000	357	2,646	375		
Insting Casing/Tubing	- 227		327	91,000	358		270		
	226		320	1.00	1.1.1.		377		
Aud Logging Unit	229		329	48,000	90.4				
agging	230				112		376		
erforating/Witeline Services	231	10,000	231	179,000	1.12		379	in the second second	1/
Imulation/Treating			532	0.010	1.13		390		
ampietan Uni			333				381		-
Wabbing Unit	2014		334				382		
lentals-Sturface	235	128 250	335		355		363		12
entals-Subsurface	236		330				364		
rucking/Ferreit/Ray Mobilization	237		337	10.000	310				
leiding Services	238			10,000			285		21
/alee Disposal		6,000			301 _		346		_
	239		333	20,000	362		367		
lug to Abandon	240		340 _		11.1		11.		-
eisinia Analysia	241		341		0.12		1.1		
iscelareous	242		342	3,000	(H. 2		360		
antingency	243	65,000	343	57,000	363		190		12
losed Loop & Environmental	244	194,750	344		364		388		15
uef - Dieset	245		345	258.000					25
of Tubing			346	206,000	-		392		20
lowback Crews & Equip	7		347	10,000	-			18 000	
Inet Directional/Frac	245	and the second se	346	10,000	-			18,000	2
				the second se	-			40,000	
TOTAL INTANGIBLES		2 5 2 5 11 0		2 798 595		101.343			5,46
TOTAL INTANGIBLES		2,525,910	-	2,798,590	-	101,343			
		2,525,910		2,798,500	-	101,343	1		
ANGIBLE COSTS		100 million (100 million)		2,798,590	1	101,343	1		
ANGIBLE COSTS	401	32,000	-	2,798,500	-	103,243			
ANGIBLE COSTS unders Casing semediate Casing	402	32,000 280,000	-	2,708,500	1	101,343			26
ANGIBLE COSTS utoca Caseg utoca Caseg aduction Caseg Linar		32,000 280,000 334,000	-		1.1.1	101,343			26
ANGIBLE COSTS Inface Caseg simedate Caseg objection CasegoLiner Drg	402	32,000 280,000 334,000	504	2,798,500	111-11		530		26
ANGIBLE COSTS viface Casing semedate Casing aduction CasingLiner ubrig Minead Equipment	402	32,000 280,000 334,000			1111-1				28 33- 5
ANGIBLE COSTS ufface Caseg isimestate Casing objection CasingLiner bing	402	32,000 280,000 334,000		52 000	1111-1		131	32 000	28 33- 5
ANGIBLE COSTS viface Casing semedate Casing aduction CasingLiner ubrig Minead Equipment	402	32,000 280,000 334,000		52 000	1 1111		100		28 33- 5
ANGIBLE COSTS Inface Caseg simedate Caseg objection CasegUnar brag ethicad Stoppment imping Una imping Una imping Una	402	32,000 280,000 334,000		52 000	COLUMN T		100		26 33 5
ANGIBLE COSTS where Casing semedate Casing objection CasingLiner bing where Casing objection	402	32,000 280,000 334,000 70,000	505	52 000	TOTAL T		100 107		26 33 5
ANGIBLE COSTS Infecto Casing stratecture Casing and colon Casing Liner bing and Edu primeri mit Mover de min-Sub Surface (III I)	402	32,000 280,000 334,000 70,000		52 000	1111111		100		28 33 6 13
ANGIBLE COSTS Inface Caseg sime3xie Caseg duction CasegLiner brag ethicad Experient impag Una mp Meaer de mps-Sub Suface (III-1) eka	402	32,000 280,000 334,000 70,000	505	52 000 24 000	510	44 361	100 107		28 33 5 13
ANGIBLE COSTS where Casing semedwire Casing official Casing Unit official Equipment official Equipmen	402	32,000 280,000 334,000 70,000	505	52.000 28.005	511	44 361 #0 660	100 107		28 35 5 13 
ANGIBLE COSTS Inface Caseg asmestate Caseg asmestate Caseg objection Casegluer bog objection me Mover de mpsfub Surface (IIII) nka witnes de TreuterSeparator	402	32,000 280,000 334,000 70,000	505	52 000 28 000	511	44 301 80 860 194 000	100 107 108	32.000	28 335 5 13 4 4 4 4 30 184
ANGIBLE COSTS Inface Caseg simedate Caseg deciden Caseg decide	402 403 405	32,000 280,000 334,000 70,000	105	52 000 24 000	511	44 361 80 860 164 660 30 016	100 107 108 132		26 33 5 13 13 44 44 44 44 44 44 44
ANGIBLE COSTS Infecto Casing Infecto Casing Infector Casing Liner bing of head Equipment mispa Lind me Mover do me-Stub Surface (III) hea More Infector Casing More Infector Casing Advisor Casing Infector Casing	402 403 405	32,000 280,000 334,000 70,000	505	52 000 28 000 60 000	511 512 513	44 301 80 860 164 660 39 016	100 107 108	32 000	244 333 53 132 44 46 164 45 60
ANGIBLE COSTS Inface Caseg simetate Caseg antector Caseg Lines bog obsg obsg obsg me Mover de mpsSub Surface (IB1) inte avires star TreaterSeparator cirile al System LossAnchorshlangers LossAnchorshlangers LossAnchorshlangers	402 403 405	32,000 280,000 334,000 70,000	105	52 000 28 000 60 000	511	44 361 80 860 164 660 30 016	100 107 108 132	32 000	244 333 53 132 44 46 164 45 60
ANGIBLE COSTS Inface Caseg simedate Caseg doctor CasegLiner brig ethicad Exponent mping Und mp-Sub Buface (IIII) nka writes dor Trialder/Teparator citical System charder/Teparator citical System charder/Teparator citical System charder/Teparator citical System charder/Teparator citical System charder/Teparator citical System	402 403 405	32,000 280,000 334,000 70,000	105	52 000 28 000 60 000	511 512 513	44 301 80 860 164 660 39 016	100 107 108 132	32 000	244 333 53 132 44 46 164 45 60
ANGIBLE COSTS Inface Casing stretcher Casing obtable Casing obtable Casing obtable Casing infact Casing	402 403 405	32,000 280,000 334,000 70,000	105	52 000 24 000 74 000	511 512 513 513	44 301 80 860 164 660 39 016	100 107 108 132	32 000	244 333 53 132 44 46 164 45 60
ANGIBLE COSTS Inface Caseg Inface Caseg Inface Caseg Inface Caseg Inface	402 403 405	32,000 280,000 334,000 70,000	105	52 000 28 000 60 000	511 512 513 513 515 516	44 301 80 860 164 660 39 016	100 107 108 132	32 000	244 333 53 132 44 46 164 45 60
ANGIBLE COSTS Inface Caseg simedate Caseg duction Caseg Line bing officed Equipment impag Line me Mour up Sub Surface (IR1) Infa Mare sub Traited/Teparator cirical System Landonces Namgers up/sub Surface Landonces Sub	402 403 405	32,000 280,000 334,000 70,000	105	52 000 28 000 60 000	511 512 513 515 516 516 517 516	44.361 40.660 194.060 39.016 5 157.776	100 107 108 132	32 000	3 244 333 5; 132 44 44 44 45 66 66 66 66 66 66 66 67 81 17
ANGIBLE COSTS Infecte Casing Infecte Casing Infecte Casing Infected Casing Infected Casing Infected	402 403 405	32,000 280,000 334,000 70,000	105	52 000 28 000 60 000	511 512 513 515 516 517 516 516 517	44 361 80.660 38.016 39.016 117.776 24.693	531 505 507 507 507 507 507 507 507 507 507	32 000 10 000	244 333- 55 132 444 444 446 456 455 450 1117 117 24
ANGIBLE COSTS Inface Caseg stratector Caseg anticion Casegurant obsg obsg obsg obsg obsg me Mover de me Mover de me Mover de me Sub Surface (III) nka Antice Casegurant obsg me Sub Surface (III) nka Antice Casegurant obsg antice Casegurant obsg an	402 403 405 414 415	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		52 000 28 000 69 000	511 512 513 515 516 517 516 517 516 517 512	44 301 80 860 194 060 30 016 1117,776 74 692 10,722 5	331 309 307 307 307 308 307 308 308 308 308 308 308 308 308 308 308	32 000	244 333 53 132 44 46 164 45 60
ANGIBLE COSTS Inface Caseg simedate Caseg duction CasegLiner bing official Exponent mping Una me Mear du mping Una the Mear du the Mear du the Mear du mping Una the Mear du the M	402 403 405 414 415 419	32,000 280,000 334,000 70,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	103	52 000 28 000 60 000	511 512 513 515 516 517 516 521 522 523	44.361 40.660 184.660 39.016 5 1157.778 24.693 10.722 5	331 107 107 107 107 107 107 107 10	32 000 10 000	244 333- 55 132 444 444 446 456 455 450 1117 117 24
ANGIBLE COSTS Infece Casing Infece	402 403 405 414 415	32,000 280,000 334,000 70,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		52 000 28 000 60 000	511 512 513 515 516 517 517 518 522 522 522	44 301 80 800 184 600 30 016 31 117.778 24,693 10,722 5 5	331 309 307 307 307 308 307 308 308 308 308 308 308 308 308 308 308	32 000 10 000	244 33- 57 132 44 46 46 46 46 46 46 40 112 112 112
ANGIBLE COSTS inface Casing inface inface Casing inface in	402 403 405 414 415 419	32,000 280,000 334,000 70,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	103	52 000 28 000 69 000	5111	44.361 40.660 184.660 39.016 5 1157.778 24.693 10.722 5	331 107 107 107 107 107 107 107 10	32 000 10 000	244 33- 57 132 44 46 46 46 46 46 46 40 112 112 112
ANGIBLE COSTS Inface Caseg simedate Caseg simedate Caseg big objection Casegluar bing official Seyment mps-Sub Suface (III 1) obs As where different Casegluar different Casegluar diffe	402 403 405 414 415 419	32,000 280,000 334,000 70,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 60 000	511 512 513 515 516 517 517 518 522 522 522	24,620 39,01639,016 39,016 39,016 39,016 39,01639,016 39,016 39,016 39,01639,016 39,016 39,016 39,01639,016 39,016 39,016 39,016 39,01639,016 39,016 39,016 39,01639,016 39,016 39,01639,016 39,016 39,01639,016 39,016 39,01639,016 39,016 39,01639,016 39,016 39,01639,016 39,01639,016 39,016 39,01639	29	32.000 10.000 15.000	244 333 55 132 44 46 45 66 66 66 66 60 24 312 312 24 23 31 75
ANGIBLE COSTS Inface Caseg Inface Caseg Inface Caseg Inface Caseg Inface Caseg Inface Caseg Inface Caseg Inface Infac	402 403 405 414 415 419	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	103	52 000 28 000 60 000	5111	44 361 80 860 184 660 30 016 31 117,778 24,092 16,722 5 75,514 5	331 107 107 107 107 107 107 107 10	32 000 10 000	244 333- 55 132 444 444 446 456 455 450 1117 117 24
ANGIBLE COSTS Infece Caseg simetate Caseg antection Caseglues bing ethes 8 Gupment mprog Und me Mear de minors in the Caseglues me Mear de minors in the Caseglues de minors in	402 403 405 414 415 419	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 60 000 60 000	5111	24,620 39,01639,016 39,016 39,016 39,016 39,01639,016 39,016 39,016 39,01639,016 39,016 39,016 39,01639,016 39,016 39,016 39,016 39,01639,016 39,016 39,016 39,01639,016 39,016 39,01639,016 39,016 39,01639,016 39,016 39,01639,016 39,016 39,01639,016 39,016 39,01639,016 39,01639,016 39,016 39,01639	29	32.000 10.000 15.000	244 333 55 132 44 46 45 66 66 66 66 60 24 312 312 24 23 31 75
ANGIBLE COSTS Infece Casing Infece Casing Infece Casing Infece Casing Infece Casing Infece Casing Infece Casing Infece	402 403 405 414 415 419	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 60 000	5111	44 361 80 860 184 660 30 016 31 117,778 24,092 16,722 5 75,514 5	29	32 000 10 000 15 000 37,000	244 333 55 132 44 46 46 46 46 46 46 47 117 117 117 24 24 31 75 75 77 577 1,5527
ANGIBLE COSTS Inface Caseg simetate Caseg annetate Caseg annetate Caseg anter	402 403 405 414 415 419	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 69 000 69 000 20,000 160,000 2,956,300	5111	24,692 24,692 10,722 5 5 5 5 5 5 5 5 5 5 5 5 5	29	32 000 10 000 15 090 37,000 94 560	244 333 55 132 44 46 46 46 46 46 46 47 117 117 117 24 24 31 75 75 77 577 1,5527
ANGIBLE COSTS Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Infect	402 403 405 414 415 419	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 60 000 60 000	5111	24,692 24,692 10,722 5 5 5 5 5 5 5 5 5 5 5 5 5	29	32 000 10 000 15 090 37,000 94 560	244 333 55 132 44 46 46 46 46 46 46 47 117 117 117 24 24 31 75 75 77 577 1,5527
ANGIBLE COSTS Infece Casing Infece Casing Infect Infece Casing Infect Infece Casing Infect Infece Casing Infect Infect Infec	402 403 405 414 415 419	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 69 000 69 000 20,000 160,000 2,956,300	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	244 333 55 132 44 46 46 46 46 46 46 47 117 117 117 24 24 31 75 75 77 577 1,5527
ANGIBLE COSTS Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Infect	402 403 405 405 415 415 419 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 60 000 60 000 20,050 160,050 2,950,500 2,950,500 2,950,500	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	246 333 5 5 3 3 3 3 3 3 3 3 4 4 4 4 4 4 6 4 5 4 4 4 6 4 5 7 5 7 5 7 5 7 5 7 5 5 7 5 5 7 5
ANGIBLE COSTS Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Infect	402 403 405 405 415 415 419 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 69 000 69 000 20,000 160,000 2,956,300	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	246 333 5 5 3 3 3 3 3 3 3 3 4 4 4 4 4 4 6 4 5 4 4 4 6 4 5 7 5 7 5 7 5 7 5 7 5 5 7 5 5 7 5
ANGIBLE COSTS Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Caseg Infecto Infect	402 403 405 405 415 415 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 60 000 60 000 20,050 160,050 2,950,500 2,950,500 2,950,500	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	246 333 5 5 3 3 3 3 3 3 3 3 4 4 4 4 4 4 6 4 5 4 4 4 6 4 5 7 5 7 5 7 5 7 5 7 5 5 7 5 5 7 5
ANGIBLE COSTS Infect Caseg Infect Caseg Infect Caseg Infect Caseg Infect Caseg Infect Caseg Infect Inf	402 403 405 405 415 415 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 60 000 60 000 20,050 160,050 2,950,500 2,950,500 2,950,500	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	246 333 5 5 3 3 3 3 3 3 3 3 4 4 4 4 4 4 6 4 5 4 4 4 6 4 5 7 5 7 5 7 5 7 5 7 5 5 7 5 5 7 5
ANGIBLE COSTS Infect Caseg Istimetation Caseg Istimetation Caseg Istimetation Caseg Istimetation Caseg Istimetation Caseg Istimetation	402 403 405 405 415 415 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 63 000 63 000 53 000 160,050 2,956,500 42% 202221	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	246 333 5 5 3 3 3 3 3 3 3 3 4 4 4 4 4 4 6 4 5 4 4 4 6 4 5 7 5 7 5 7 5 7 5 7 5 5 7 5 5 7 5
ANGIBLE COSTS Infect Caseg Infect Caseg Infect Caseg Infect Caseg Infect Caseg Infect Caseg Infect Inf	402 403 405 405 415 415 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 60 000 60 000 20,050 160,050 2,950,500 2,950,500 2,950,500	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	246 333 5 5 3 3 3 3 3 3 3 3 4 4 4 4 4 4 6 4 5 4 4 4 6 4 5 7 5 7 5 7 5 7 5 7 5 5 7 5 5 7 5
ANGIBLE COSTS Inface Caseg simedate Caseg annedate Caseg annedate Caseg annedate Caseg annedate bag ante Second anne Meser de me Meser de me Meser de me Meser de me Meser de me Second anne Meser de me Second anne Meser de me Second anne Meser de me Second anne Meser de me Second anne Meser de me Second Compace anne Second anne Sec	402 403 405 405 415 415 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 63 000 63 000 53 000 160,050 2,956,500 42% 202221	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	246 333 5 5 3 3 3 3 3 3 3 3 4 4 4 4 4 4 6 4 5 4 4 4 6 4 5 7 5 7 5 7 5 7 5 7 5 5 7 5 5 7 5
ANGIBLE COSTS Infect Caseg Istimetation Caseg Istimetation Caseg Istimetation Caseg Istimetation Caseg Istimetation Caseg Istimetation	402 403 405 405 415 415 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 63 000 63 000 53 000 160,050 2,956,500 42% 202221	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	244 333 55 132 44 46 46 46 46 46 46 47 117 117 117 24 24 31 75 75 77 577 1,5527
ANGIBLE COSTS Inface Caseg simedate Caseg annedate Caseg annedate Caseg annedate Caseg annedate bag anter Status de mine Status anne Meuer de mine Status anne Status	402 403 405 405 415 415 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 63 000 63 000 53 000 160,050 2,956,500 42% 202221	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	244 333 55 132 44 46 46 46 46 46 46 47 117 117 117 24 24 31 75 75 77 577 1,5527
AMGIBLE COSTS  where Casing sime-tate Casing antuction CasingLines bing antuction CasingLines bing antumerat and and antumerat	402 403 405 405 415 415 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	109	52 000 28 000 63 000 63 000 53 000 160,050 2,956,500 42% 202221	5111	44.301 80.860 184.000 39.016 117,778 724,692 16,722 5 775,514 5 5 775,514 5 5 5 5 5 5 6 6 44.205	29	32 000 10 000 15 895 37,000 94,000 134,000	244 333 532 132 444 455 660 1112 112 112 244 211 275 57
ANGIBLE COSTS  Infect Casing I	402 403 405 415 415 419 420	32,000 280,000 334,000 70,000 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	1009	52 000 34 000 34 000 60 000 60 000 160 0000000000	511 512 513 515 516 517 517 518 519 519 519 510 510 510 511 512	24,692 30,010 194,600 30,010 30,010 31,0778 24,692 5 75,514 5 552,952 644,295 542,952 644,295 10%	29	32 000 10 000 15 895 37,000 94,000 134,000	246 333 5 5 3 3 3 3 3 3 3 3 4 4 4 4 4 4 6 4 5 4 4 4 6 4 5 7 5 7 5 7 5 7 5 7 5 5 7 5 5 7 5

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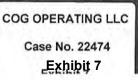
GREEN EYESHADE FED COM 704H	PROSPECT NAME	Buildeg 2534 (717039)	
Sec 12: 2625 FSL & 1305 FWL	STATE & COUNTY	New Mexico, Lea	
Sec 1: 50 FNL & 1000 FWL	OBJECTIVE:	Drill and Complete	
Wolfcamp	DEPTH:	the second device and the second s	
Sec 12: 25S 34E	TVD:		
	Sec 12: 2625 FSL & 1305 FWL Sec 1: 50 FNL & 1000 FWL Wollcamp	Sec 12: 2025 FSL & 1305 FWL         STATE & COUNTY           Sec 1: 50 FNL & 1000 FWL         OBJECTIVE:           Wolfcamp         DEPTH:	Sec 12: 2025 FSL & 1305 FWL         STATE & COUNTY         New Mexico, Lea           Sec 1: 50 FNL & 1000 FWL         CBJECTIVE:         Drill and Complete           Wolfcamp         DEPTH:         20,850

INTANGIBLE COSTS TenCuraturePeriod	20			Completion(C)		Tank Bity Constructn(TB)		Pmpa. Equipment(PEQ)	101
Insurance	_ 20								-
Damages/Right of Way	_ 20				351	953			-
Survey/Stake Location	_ 20			00,000					
Location/Pits/Road Expense	205			5,000		23,779	300	4.000	1
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Directional Drilling Services	210	248.000	310	204,000	8				54
Fuel& Power	211	120,000	311	26,000	354		367		14
Water	212			273,000			366		31
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Mud & Chemicals	214						370		
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Coring & Analysis			315	225,000					- 23
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Cement Squeeze & Other (Kickoff Plug)	220						371		
Tost Equipment & Centralizers	721	50,000	1.0						5
Losing Crews & Equipment	222	55,000							5
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SealogicEngineering	224		324		355		373		
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Discussion	Company	Date
JOA negotiation:	Chief Capital	7/30/2021
JOA negotiations	Chief Capital	8/4/2021
JOA negotiations	Oxy Y-1	8/19/2021
JOA negotiations	Chief Capital	8/19/2021
JOA negotiations	Chief Capital	8/20/2021
JOA negotiations	Oxy Y-1	8/23/2021
JOA negotiations	Oxy Y-1	8/23/2021
JOA negotiations	Chief Capital	8/25/2021
Assignment/Farmout negotiations	Yates Industries	8/25/2021
JOA negotiations	Matador	8/31/2021
JOA negotiations	Matador	9/7/2021
JOA negotiations	Chief Capital	9/8/2021
JOA negotiations	Matador	9/9/2021
JOA negotiations	Matador	9/15/2021
JOA negotiations	Matador	9/17/2021
Assignment/Farmout negotiations	Yates Industries	9/23/2021
JOA negotiations	Chief Capital	10/7/2021
JOA negotiations	Chief Capital	10/8/2021
Assignment/Farmout negotiations	Yates Industries	10/11/2021
JOA negotiations	Matador	11/1/2021





## HINKLE SHANOR LLP

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

WRITER

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

October 12, 2021

### VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

## TO ALL INTERESTED PARTIES SUBJECT TO NOTICE

Re: Case No. 22294 - Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that COG Operating LLC filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **November 4, 2021** beginning at 8:15 a.m.

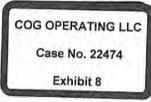
During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or submitted through the OCD E-Permitting system (https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing. Please do not hesitate to contact Matt Solomon at 432-685-4352 or at Matt.Solomon@conocophillips.com if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy



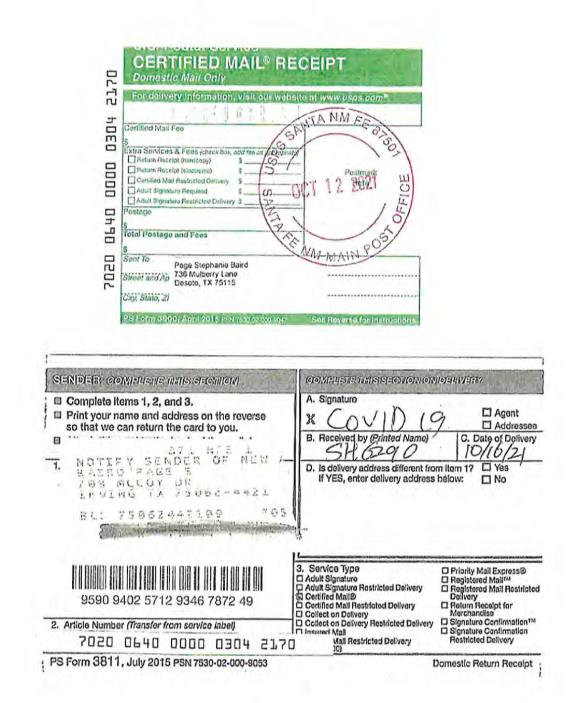
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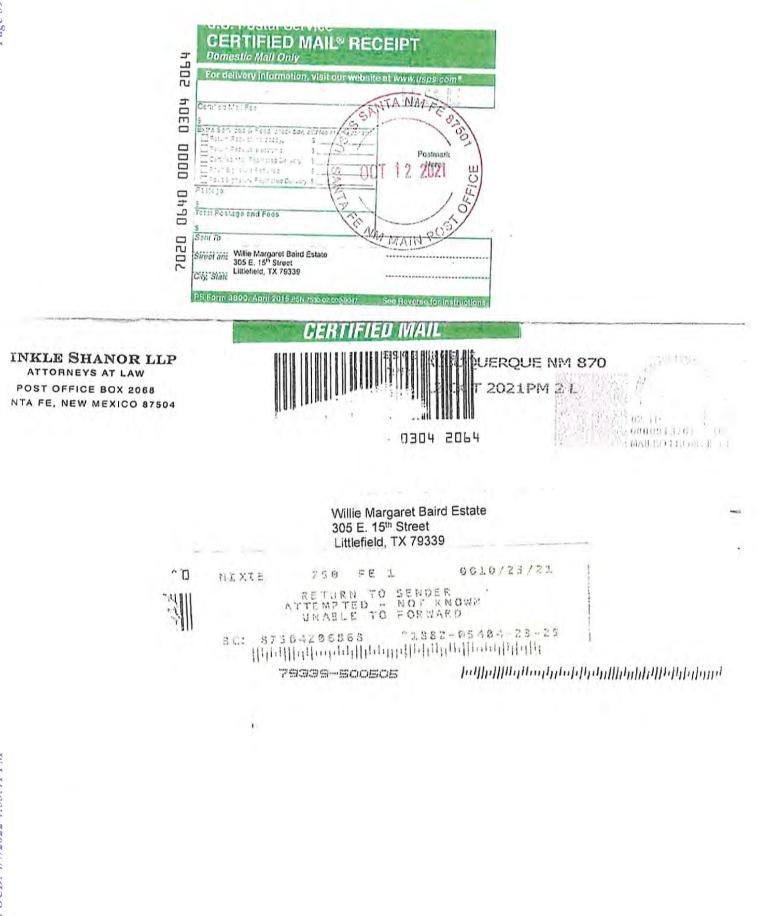
Enclosure

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	<ul> <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> </ul>	A. Signature	Agent Addressee
194 T (194	Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name) C. D	Date of Delivery
	1. Article Addressed to: Jerry D. Billington, Personal Representative Estate of Jamie Ann Billington 4433 S. Lipscomb Street Amarillo, TX 79110	D. Is delivery address different from item 1? If YES, enter delivery address below:	☐ Yes ☐ No
Α.	9590 9402 6746 1074 2245 26	Adult Signature     Adult Signature Restricted Delivery     Adult Signature Restricted Delivery     Certified Mail®     Delivery     Certified Mail Restricted Delivery     Cortified Mail Restricted Delivery     Signatu     Colect on Delivery	red Mall Restricted
	2. Article Number (Transfer from service label) 7020 2450 0002 1363 7091	Collect on Delivery Restricted Delivery Restrict Insured Mail Insured Mail Restricted Delivery (over \$500)	A DANLARY
	PS Form 3811, July 2020 PSN 7530-02-000-9053		Return Receipt

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KLE SHANOR LLP ATTORNEYS AT LAW DST OFFICE BOX 2066

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Jerry Wayne Billington P.O. Box 1994 Amarillo, TX 79105

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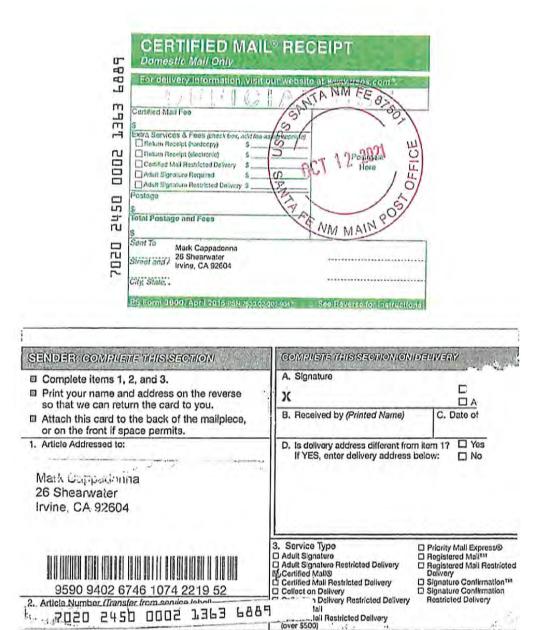
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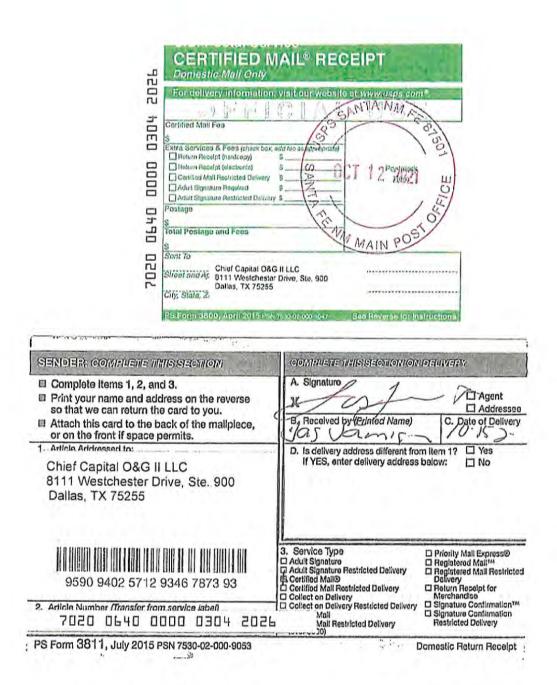
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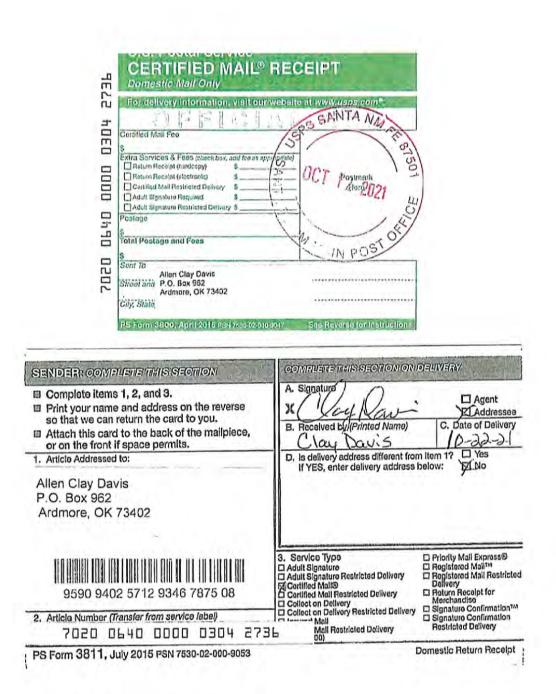


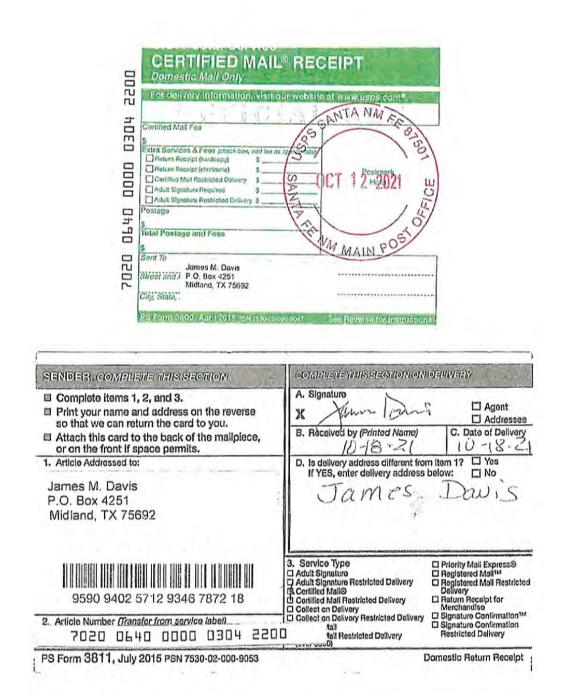


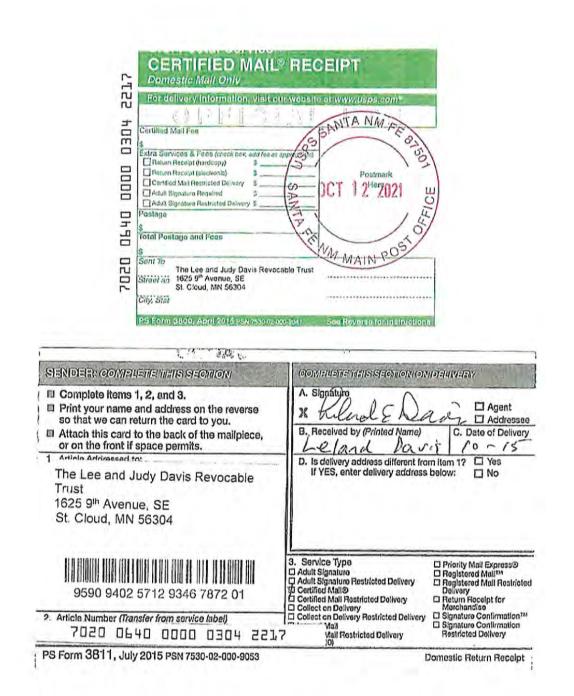
PS Form 3811, July 2020 PSN 7530-02-000-9053

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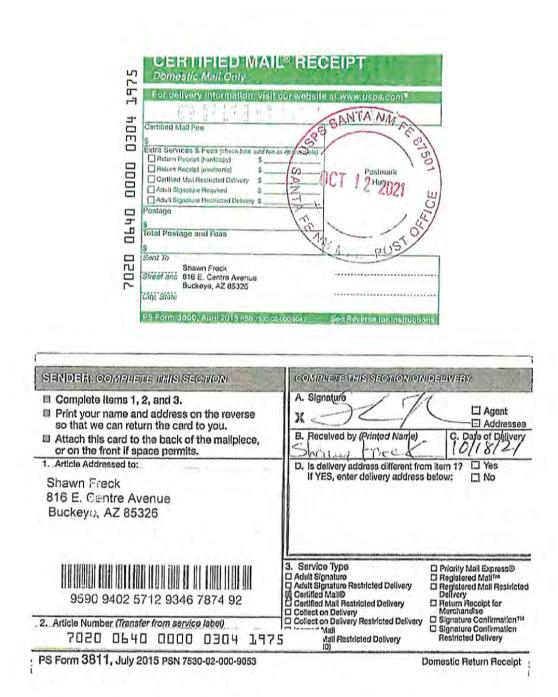














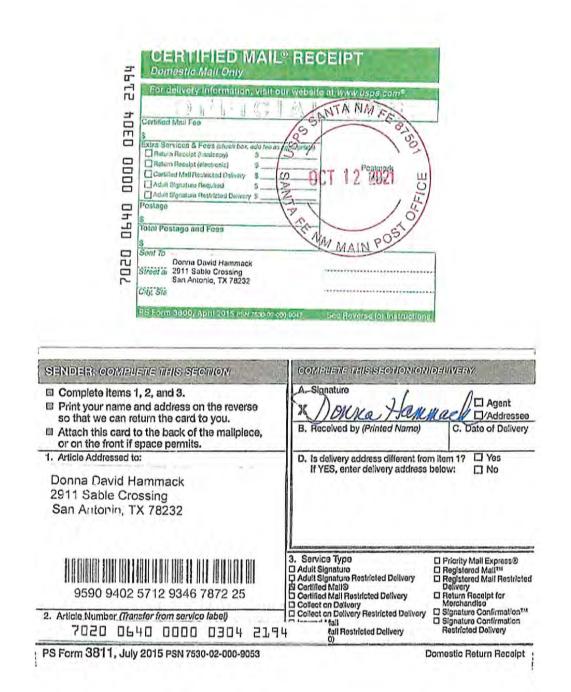
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2. Article Number (Transfer from service label) 7020 2450 0002 1363 7060	Collect on Delivery Restricted Delivery     Insured Mail     Insured Mail Restricted Delivery     (over \$500)	Restricted Delivery

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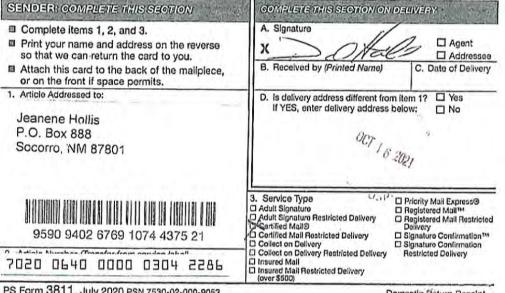
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Richard Hogan 6887 Valley Brook Drive Frisco, TX 75035	

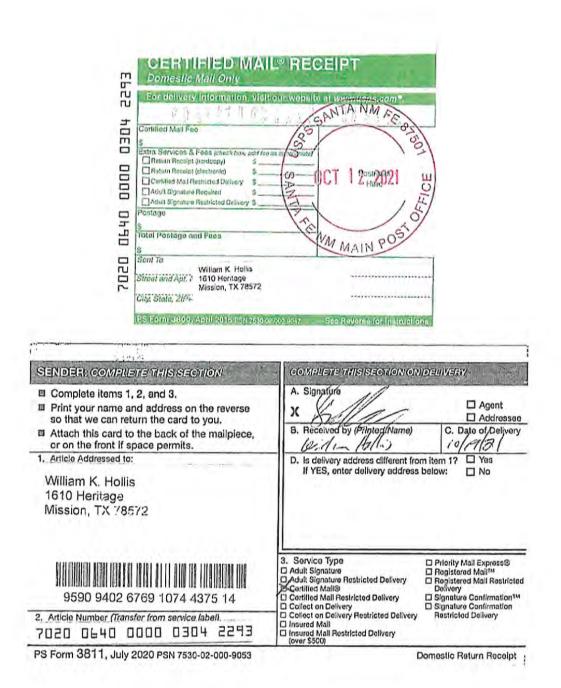
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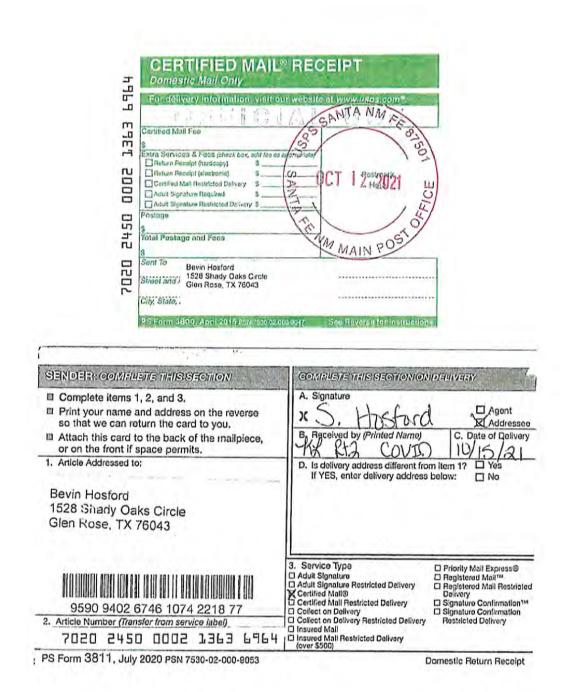
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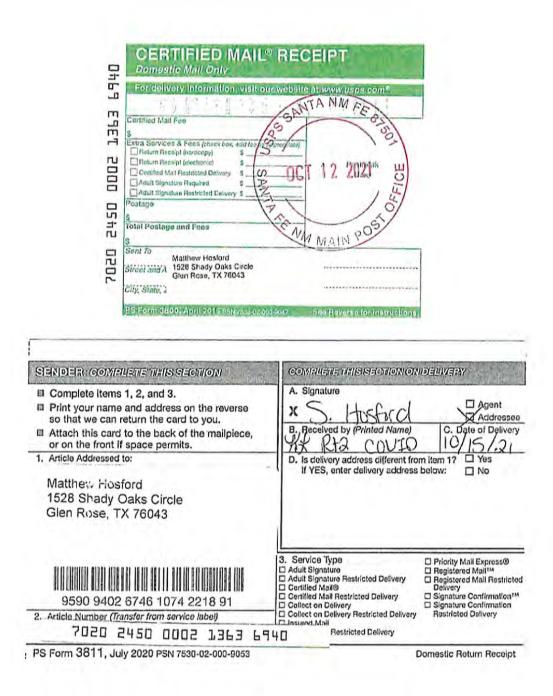
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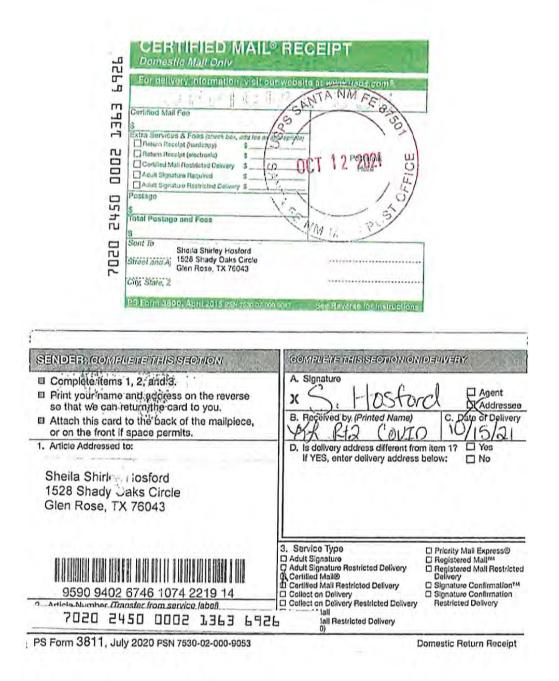
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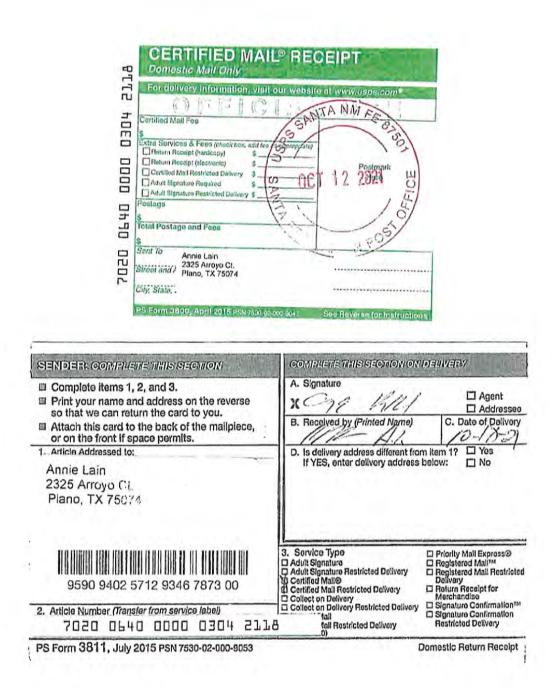


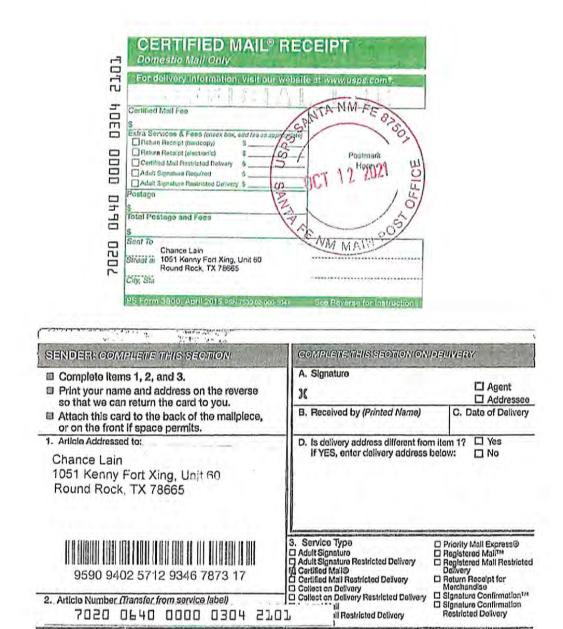
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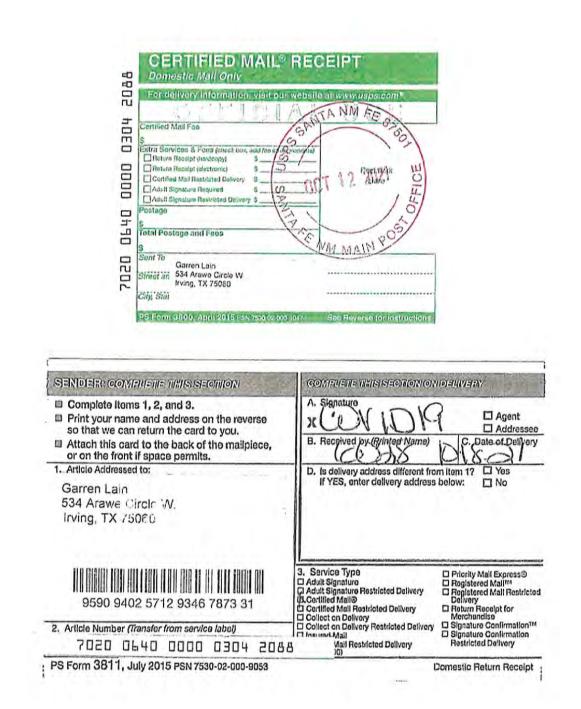


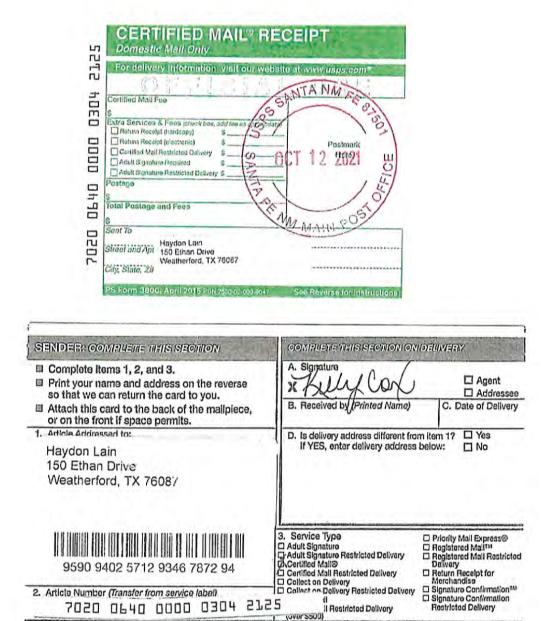






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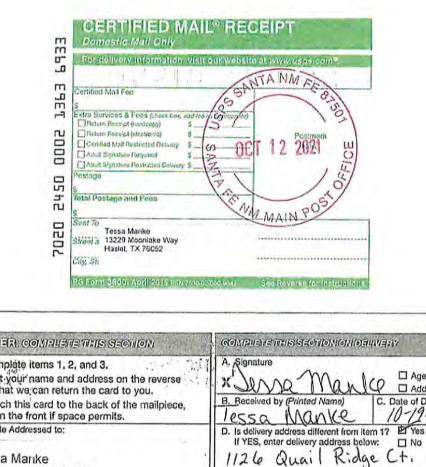


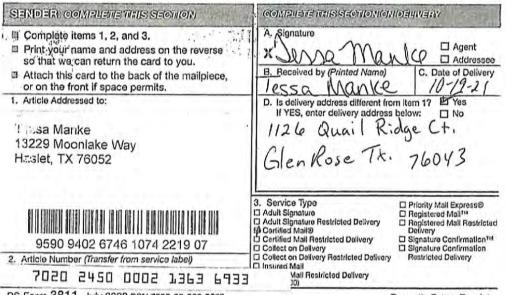
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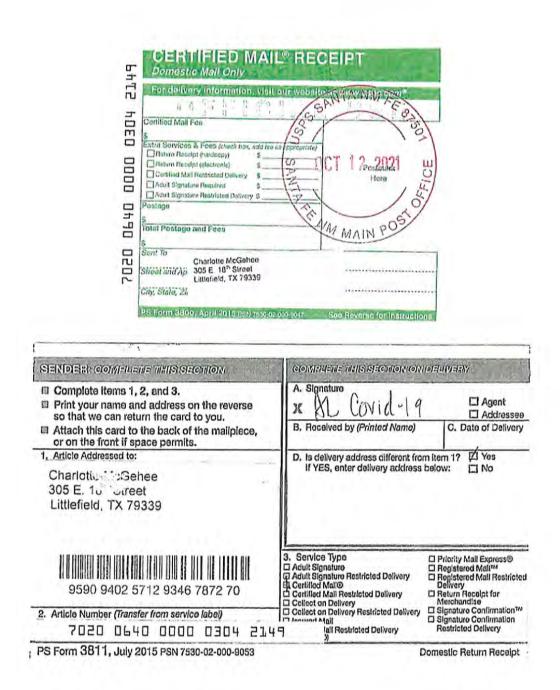
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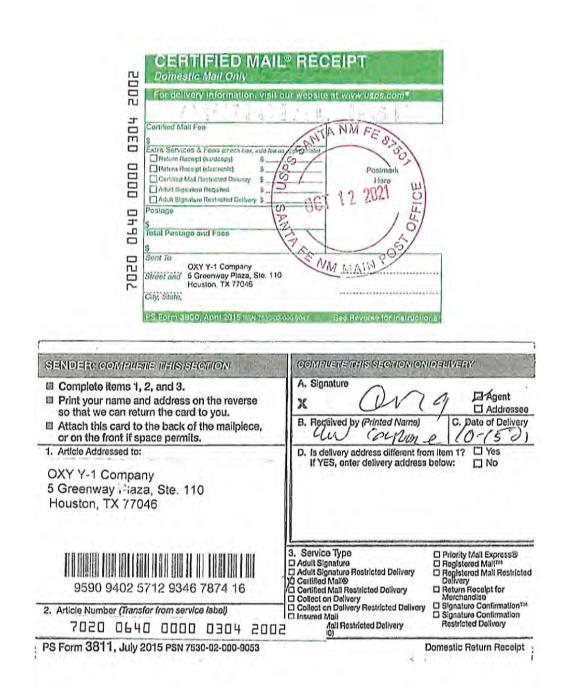
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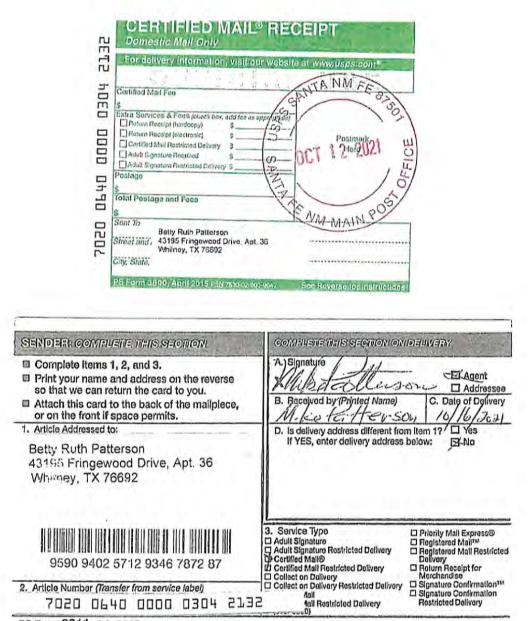
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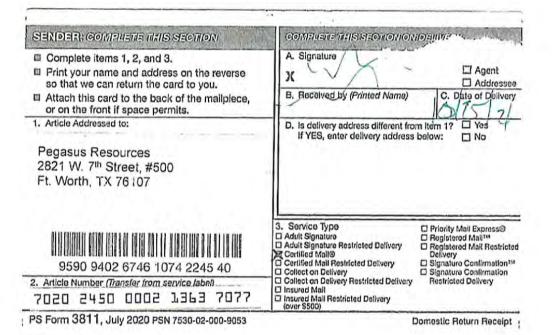






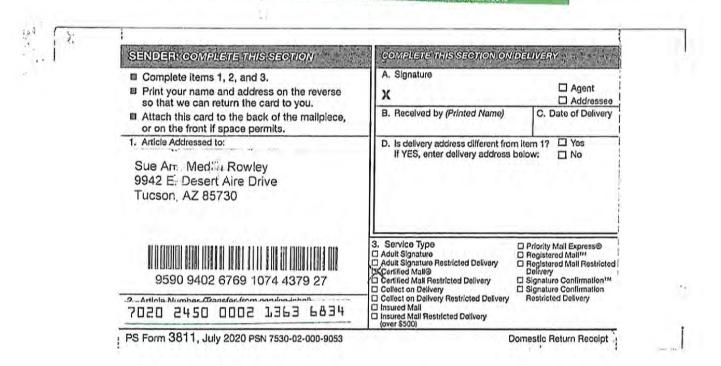
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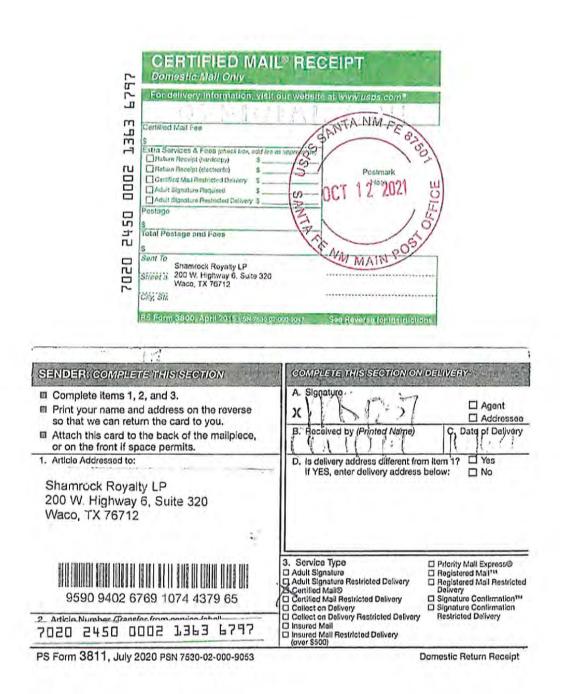
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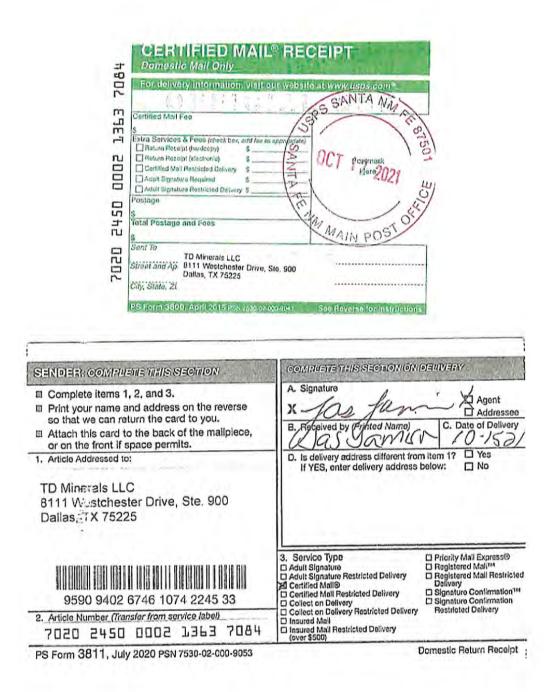


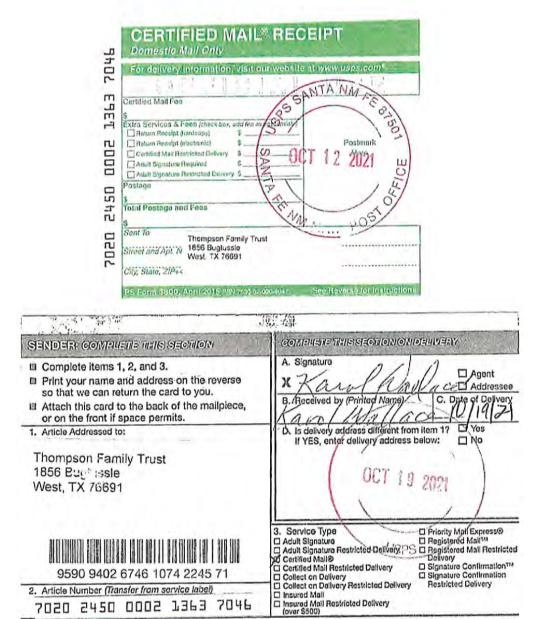
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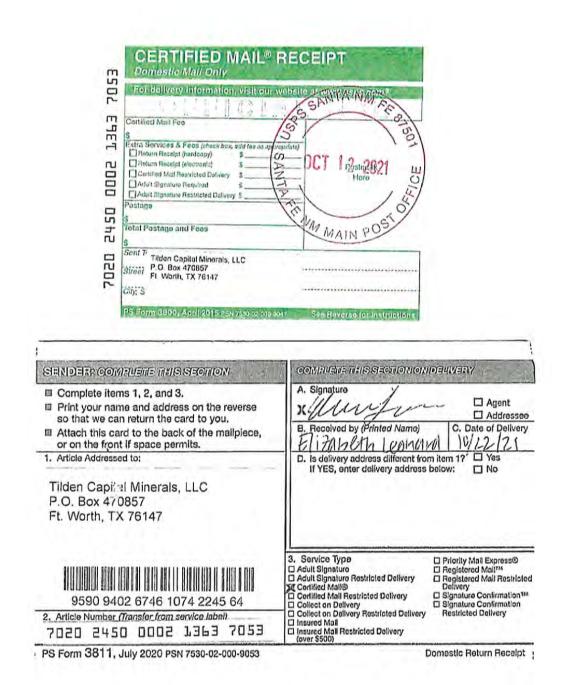








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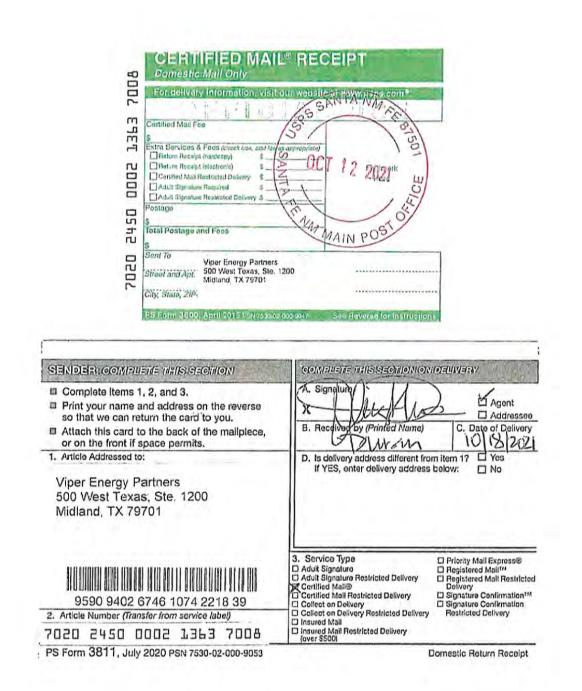


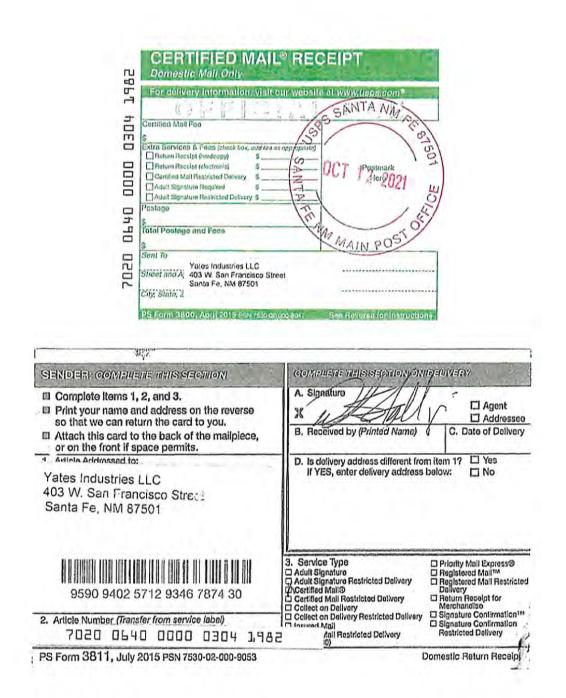
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### Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

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

> Beginning with the issue dated October 21, 2021 and ending with the issue dated October 21, 2021.

Publisher

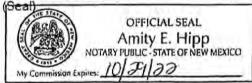
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Sworn and subscribed to before me this 21st day of October 2021.

Circulation Clerk

My commission expires October 29, 2022



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

LEGAL NOTICE

October 21, 2021

<text> into a standard horizontal well spacing unit. Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located 13.6 miles West of Jal, New Mexico. 136947

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GILBERT HINKLE, SHANOR LLP PO BOX 2068 SANTA FE, NM 87504

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COG OPERATING LLC

Case No. 22474 Exhibit 9 Evhihit C

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## COMPULSORY POOLING APPLICATION CHECKLIST

### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case No.:	22294	
Hearing Date:	11/4/2021	
Applicant	COG Operating LLC	
Designated Operator & OGRID	OGRID # 229137	
Applicant's Counsel	Hinkle Shanor LLP	
Case Title	Application of COG Operating, LLC for Compulsory Pooling, Lea	
	County, New Mexico	
Entries of Appearance/Intervenors	Paige Baird & Norma Loving	
Well Family	Green Eyeshade	
Formation/Pool		
Formation Name(s) or Vertical Extent	Wolfbone	
Primary Product (Oil or Gas)	Oil	
Pooling this vertical extent	Wolfbone	
Pool Name and Pool Code	WC-025 G-09 S243532M; Wolfbone Pool (98098)	
Well Location Setback Rules	Statewide	
Spacing Unit Size	960	
Spacing Unit		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	960	
Building Blocks		
Orientation	quarter-quarter Standup	
Description: TRS/County	All of irregular Section 1 and the N/2 of Section 12, Township 25	
ecomption, may county	South, Range 34 East, Lea County, New Mexico	
Standard Horizontal Well Spacing Unit (Y/N), If No,	Yes	
describe		
Other Situations		
Depth Severance: Y/N. If yes, description	No	
Proximity Tracts: If yes, description	The completed interval for the proposed Green Eyeshade Fed Com #601H well will be within 330' of the quarter-quarter line separating the E/2 E/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NE/4 of Section 12; the completed interval for the proposed Green Eyeshade Fed Com #602H will be within 330' of the quarter- quarter line separating the E/2 W/2 from the W/2 E/2 of Section 1 and the W/2 NE/4 from the E/2 NW/4 of Section 12, and the completed interval for the proposed Green Eyeshade Fed Com #603H well will be within 330' of the quarter-quarter line separating the E/2 W/2 from the W/2 W/2 of Section 1 and the W/2 NW/4 from the E/2 NW/4 of Section 12.	
Proximity Defining Well: if yes, description Nell(s)	Green Eyeshade Fed Com #602H	
Name & API (if assigned), surface and bottom hole ocation, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed	
Vell #1	Green Eyeshade Fed Com 601H (API # pending) SHL: 2365' FSL, 1470' FEL, Unit J, 12-25S-34E BHL: 50' FNL, 1000' FEL, Lot 1, 1-25S-34E Completion Target: Wolfbone (Approximately 12) Completion status: Standard	

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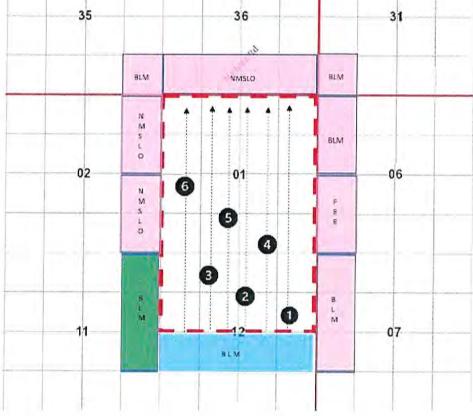
Well #2	Green Eyeshade Fed Com 602H (API # pending) SHL: 2365' FSL, 1530' FEL, Unit J, 12-25S-34E BHL: 50' FNL, 2320' FEL, Lot 2, 1-25S-34E Completion Target: Wolfbone (Approximately 12650' TVD) Completion status: Standard
Well #3	Green Eyeshade Fed Com 603H (API # pending) SHL: 2625' FSL, 1335' FWL, Unit K, 12-25S-34E BHL: 50' FNL, 1640' FWL, Lot 3, 1-25S-34E Completion Target: Wolfbone (Approximately 12650' TVD) Completion status: Standard
Well #4	Green Eyeshade Fed Com 702H (API # pending) SHL: 2365' FSL, 1500' FEL, Unit J, 12-25S-34E BHL: 50' FNL, 1640' FEL, Lot 2, 1-25S-34E Completion Target: Wolfbone (Approximately 12915' TVD) Completion status: Standard
Well #5	Green Eyeshade Fed Com 703H (API # pending) SHL: 2625' FSL, 1365' FWL, Unit K, 12-255-34E BHL: 50' FNL, 2320' FWL, Lot 3, 1-255-34E Completion Target: Wolfbone (Approximately 12915' TVD) Completion status: Standard
Well #6	Green Eyeshade Fed Com 704H (API # pending) SHL: 2625' FSL, 1305' FWL, Unit L, 12-25S-34E BHL: 50' FNL, 1000' FWL, Lot 4, 1-25S-34E Completion Target: Wolfbone (Approximately 12915' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	8,000
Production Supervision/Month \$	800
ustification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing) Proof of Published Notice of Hearing (10 days before	Exhibit A-6
learing)	Exhibit A-7
Ownership Determination	
and Ownership Schematic of Spacing Unit	Exhibit A-3
ract List (including lease numbers & owners)	Exhibit A-3
ooled Parties (including ownership type)	Exhibit A-3
Inlocatable Parties to be Pooled	Exhibit A-3
Winership Depth Severance	N/A
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ample Copy of Proposal Letter	Exhibit A-4
ist of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
	Exhibit A-5
workand Datos In Dronasal Lattar	N/A

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Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-3
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	Harry A. Hardy
Date:	11/1/2021

•

# TOWNSHIP 25 SOUTH – RANGE 34 EAST LEA COUNTY, NEW MEXICO





Wolfcamp and 3rd Bone Spring wells operated by COG Operating LLC

No Development. COG Operating LLC is 100% WI Owner

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No Development. Marathon Oil Permian LLC, et al. Own Working Interest

960.16 acre proposed Wolfbone Spacing Unit.

No	Well	SHL	BHL
1	Green Eyeshade Federal Com 601H	2365' FSL 1470' FEL	50' FNL 1000' FEL
2	Green Eyeshade Federal Com 602H	2365' FSL 1530' FEL	50' FNL 2320' FEL
3	Green Eye shade Federal Com 603H	2625' FSL 1335' FWL	50' FNL 1640' FWL
4	Green Eyeshade Federal Com 702H	2365' FSL 1500' FEL	50' FNL 1640' FEL
5	Green Eyeshade Federal Com 703H	2625' FSL 1365 FWL	50' FNL 2320' FWL
6	Green Eyeshade Federal Com 704H	2625' FSL 1305' FWL	50' FNL 1000' FWL

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### OFFSET PARTIES TO NOTIFY IF A NON-STANDARD APPLICATION WAS REQUIRED

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Bureau of Land Management 301 Dinosaur Trail Santa Fe, NM 87508

Bureau of Land Management 620 E. Green Street Carlsbad, NM 88220

New Mexico State Land Office 310 Old Santa Fe Trail P.O. Box 1148 Santa Fe, NM 87504-1148

Marathon Oil Permian LLC 5555 San Felipe Street Houston, TX 77056

OXY Y-1 5 Greenway Plaza, Suite 110 Houston, TX 77046

Chevron U.S.A. Inc. 6301 Deauville Boulevard Midland, TX 79706

Chevron Midcontinent, L.P. 6301 Deauville Boulevard Midland, TX 79706

EOG Resources, Inc. 5509 Champions Drive Midland, TX 79706

Del Ray Minerals, LLC P.O. Box 470981 Fort Worth, TX 76137

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

### APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 22294

### SELF-AFFIRMED STATEMENT OF BRIAN SITEK

1. I am a geologist at COG Operating LLC ("COG") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum geology matters were accepted and made a matter of record.

2. I am familiar with the geological matters that pertain to the above-referenced case.

3. Exhibit B-1 is a location map for the proposed horizontal spacing unit ("Unit") within the Wolfbone pool. The approximate wellbore paths for the proposed Green Eyeshade Fed Com 601H, 602H, 603H, 702H, 703H and 704H wells ("Wells") are represented by dashed lines. Existing producing wells in the targeted interval are represented by solid lines.

4. Exhibit B-2 is a subsea structure map for the top of the Wolfcamp formation which is representative of the targeted intervals within the pool. The data points are indicated by crosses. The approximate wellbore paths for the Wells are depicted by dashed lines. The map demonstrates the formation is gently dipping to the east in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

COG OPERATING LLC

Case No. 22474

Exhibit 12

5. Exhibit B-3 identifies three wells penetrating the targeted interval I used to construct a stratigraphic cross-section from A to A'. I used these well logs because they penetrate the targeted interval, are of good quality, and are representative of the geology in the area.

6. Exhibit B-4 is a stratigraphic cross-section using the representative wells identified on Exhibit B-3. It contains gamma ray, resistivity and porosity logs. The proposed landing zone for the Wells are labeled on the exhibit. This cross-section demonstrates the target interval is continuous across the Unit.

7. In my opinion, a standup orientation for the Wells is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and in order to drill extended laterals this orientation is optimal due to offset producing wells.

8. Based on my geologic study of the area, the targeted interval underlying the Unit is suitable for development by horizontal wells and the tracts comprising the Unit will contribute more or less equally to the production of the Wells.

 In my opinion, the granting of COG's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

 The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

11. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony in paragraphs 1 through 10 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date identified next to my signature below.

Brian Sitek

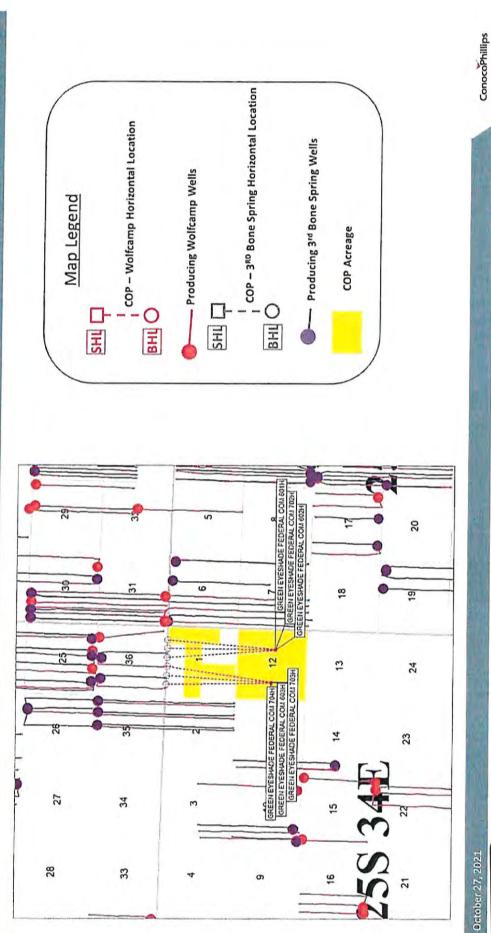
[<u>0 - 29 - 2</u>] Date

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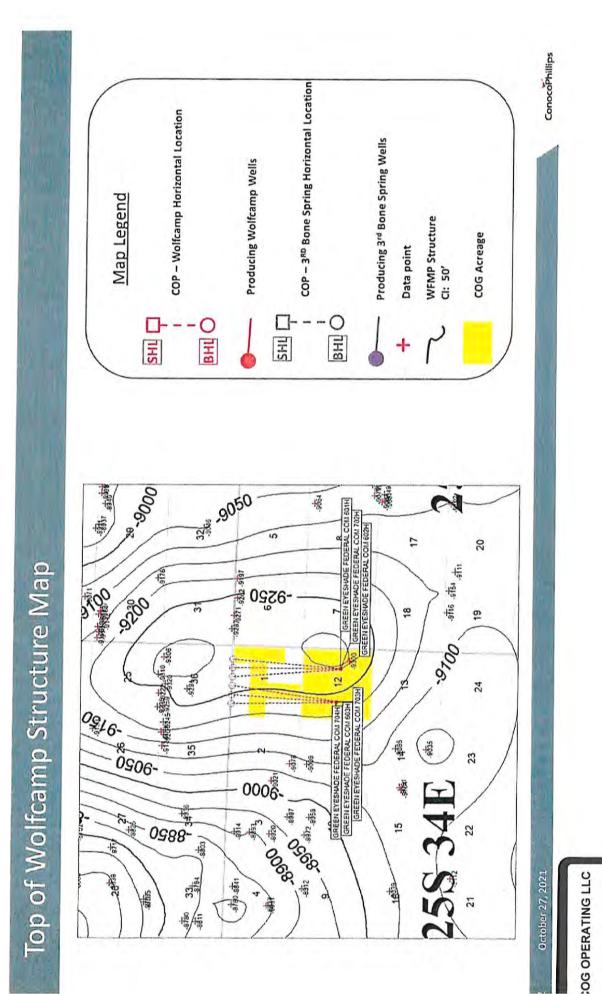


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Exhibit 13

**COG OPERATING LLC** 

Case No. 22474



Case No. 22474

**Exhibit 14** 

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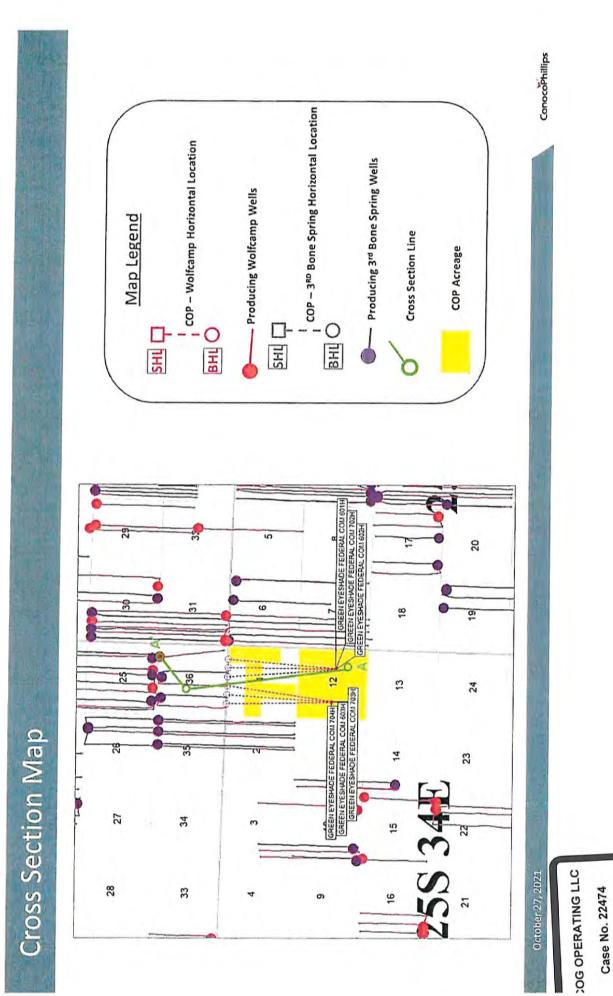
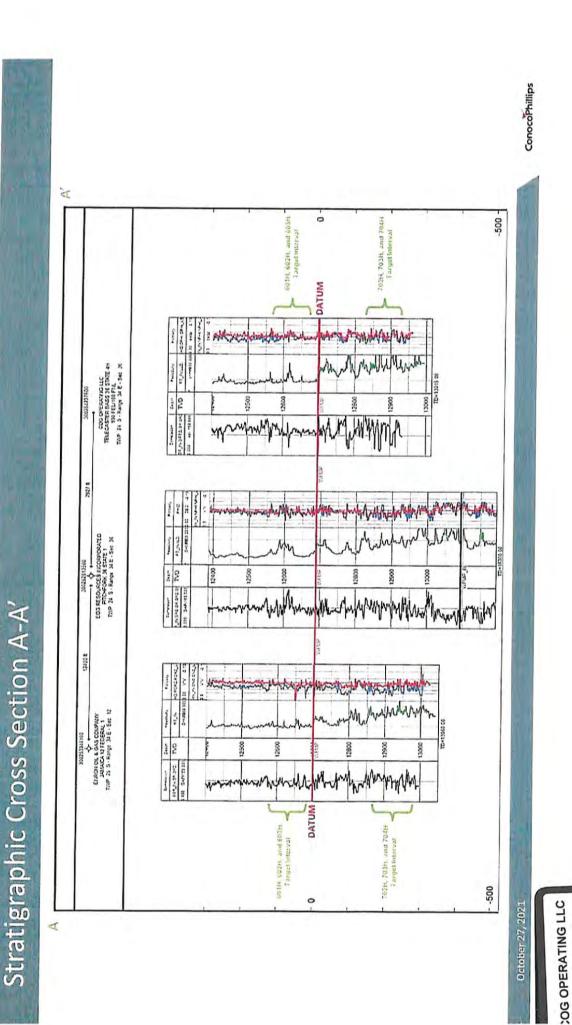


Exhibit 15

105



Case No. 22474

Exhibit 16

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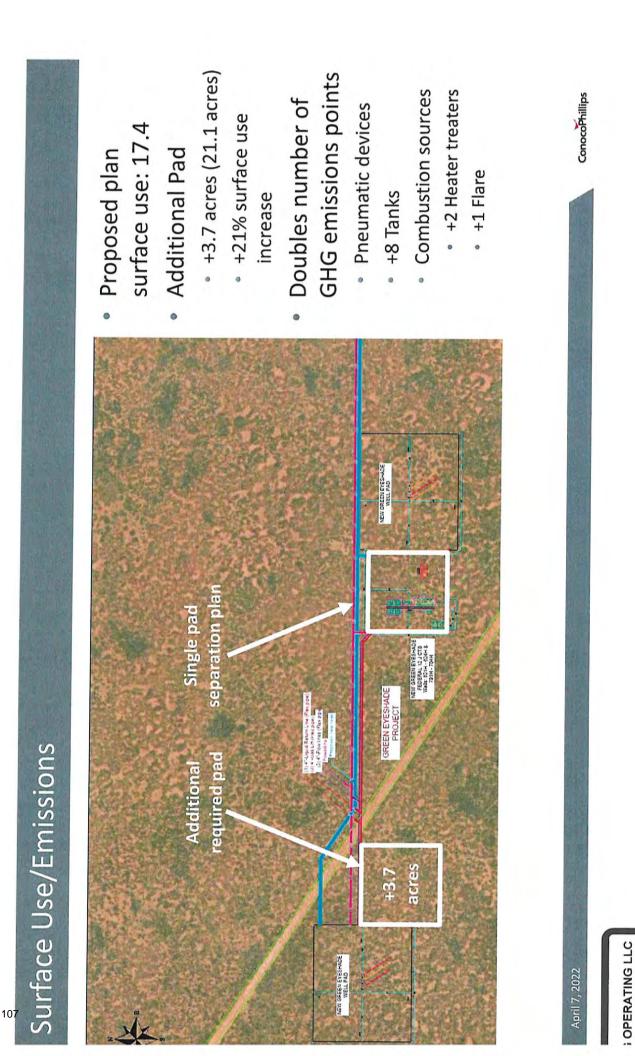
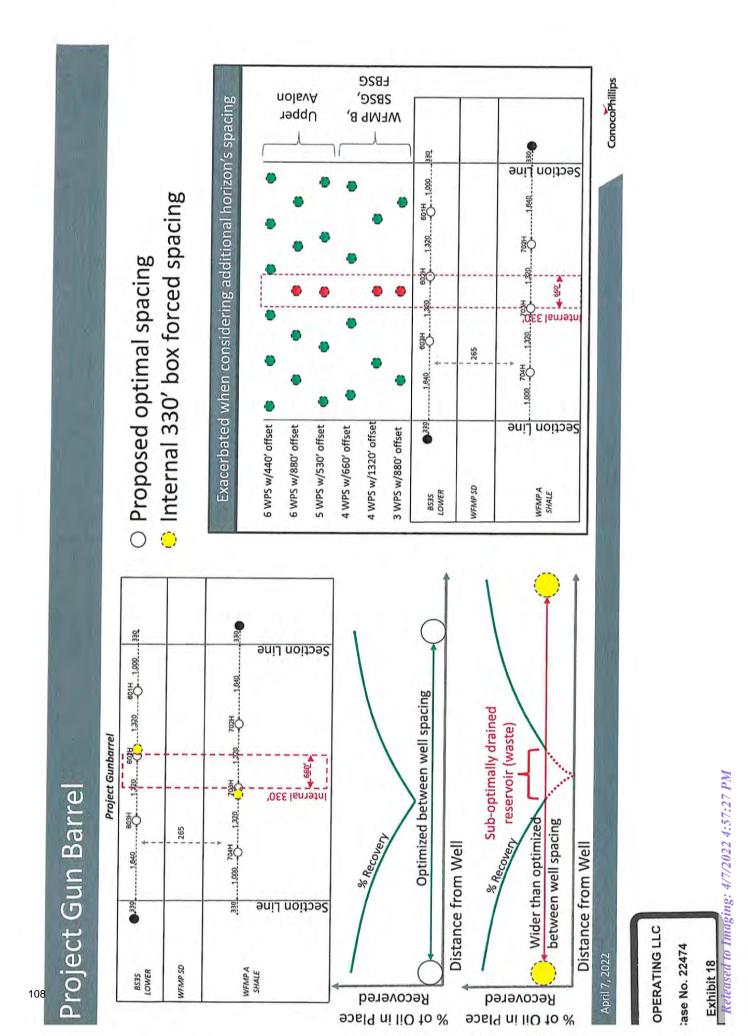


Exhibit 17 Released to Imaging: 4/7/2022 4:57:27 PM

Case No. 22474



District I 1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720

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) 476-3470 Fax: (505) 476-3462

### **State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division** 1220 S. St Francis Dr. Santa Fe, NM 87505

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Action 96876

QUESTIONS

Operator:	OGRID:
Spur Energy Partners LLC	328947
9655 Katy Freeway	Action Number:
Houston, TX 77024	96876
	Action Type:
	[HEAR] Prehearing Statement (PREHEARING)

#### QUESTIONS

Testimony		
Please assist us by provide the following information about your testimony.		
	Number of witnesses	Not answered.
	Testimony time (in minutes)	Not answered.