

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

**APPLICATION OF COG OPERATING LLC
TO POOL ADDITIONAL INTEREST OWNERS
UNDER ORDER NO. R-22094,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 22781
ORDER NO. R-22094 (Re-Open)**

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

APPLICATION OF COG OPERATING LLC
TO POOL ADDITIONAL INTEREST OWNERS
UNDER ORDER NO. R-22094,
EDDY COUNTY, NEW MEXICO.

CASE NO. 22781
ORDER NO. R-22094 (Re-Open)

**SELF-AFFIRMED STATEMENT OF
HUNTER ROBERT HALL IV**

1. I am a Land Negotiator for COG Operating LLC (“COG”). I am over 18 years of age, 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 a petroleum land professional have been accepted and made a matter of record.

2. 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**.

3. 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. On April 4, 2022, the Division entered Order No. R-22094 (“Order”) in Case No. 22595, which pooled all uncommitted interests in the Bone Spring formation (Corral Canyon; Bone Spring, South Pool, Code 13354) underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 5 and the W/2NW/4 and NW/4SW/4 of Section 8, Township 26 South, Range 29 East, Eddy County, New Mexico (“Unit”). The Order further dedicated the Unit to the Hambone Federal Com #506H (“Well”) and designated Applicant as operator of the Unit and Well.

COG Operating LLC
Case No. 22781
Exhibit A

5. A copy of Order No. R-22094 is attached as **Exhibit A-2**.

6. Since the Order was entered, COG has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.

7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interests to be pooled under the terms of Order No. R-22094, which are highlighted in yellow. All of the interest owners are locatable.

8. **Exhibit A-4** is a sample well proposal letter that I sent to the interest owners.

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

10. COG requests the additional uncommitted mineral interests be pooled under the terms of Order No. R-22094.

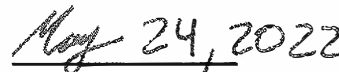
11. In my opinion, the granting of COG application would serve the interests of conservation and the prevention of waste.

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

13. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 12 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.



Hunter Robert Hall IV



Date

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

**APPLICATION OF COG OPERATING LLC
TO POOL ADDITIONAL INTEREST OWNERS
UNDER ORDER NO. R-22094,
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APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating LLC (“Applicant”) (OGRID No. 229137) files this application with the Oil Conservation Division (“Division”) for the limited purpose of pooling additional interest owners under the terms of Division Order No. R-22094. Applicant states the following in support of its application:

1. On April 4, 2022, the Division entered Order No. R-22094 (“Order”) in Case No. 22595, which pooled all uncommitted interests in the Corral Canyon; Bone Spring, South Pool (Pool Code 13354) within the Bone Spring formation underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 5 and the W/2NW/4 and NW/4SW/4 of Section 8, Township 26 South, Range 29 East, Eddy County, New Mexico (“Unit”). The Order further dedicated the Unit to the Hambone Federal Com #506H (“Well”) and designated Applicant as operator of the Unit and Well.
2. Since entry of the Order, Applicant has identified additional interest owners in the Unit that have not been pooled under the terms of the Order.
3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from the owners.

COG Operating LLC
Case No. 22781
Exhibit A-1

4. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled into the Unit pursuant to the terms of the Order.

5. The pooling of the additional interest owners will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Oil Conservation Division on June 2, 2022, and after notice and hearing as required by law, the Division pool the additional interest owners into the Unit pursuant to the terms of Division Order No. R-22094.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn 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

Application of COG Operating LLC to Pool Additional Interest Owners Under Order No. R-22094, Eddy County, New Mexico. Applicant seeks to pool additional interest owners under the terms of Division Order No. R-22094. On April 4, 2022, the Division entered Order No. R-22094 (“Order”) in Case No. 22595, which pooled all uncommitted interests in the Bone Spring formation underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 5 and the W/2NW/4 and NW/4SW/4 of Section 8, Township 26 South, Range 29 East, Eddy County, New Mexico (“Unit”). The Order further dedicated the Unit to the Hambone Federal Com #506H (“Well”) and designated Applicant as operator of the Unit and Well. Since entry of the Order, Applicant has identified additional interest owners in the Unit that should be pooled under the terms of the Order. The Well is located approximately 10.4 miles south of Malaga, New Mexico.

**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. 22595
ORDER NO. R-22094**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on March 3, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. COG Operating, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

COG Operating LLC
Case No. 22781
Exhibit A-2

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22595
ORDER NO. R-22094

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- well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
 AES/jag

Date: 4/04/2022

CASE NO. 22595
ORDER NO. R-22094

Exhibit A

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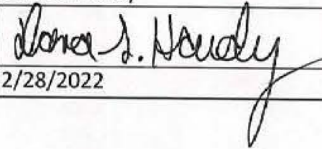
COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case No.:	22595
Hearing Date:	3/3/2022
Applicant	COG Operating LLC
Designated Operator & OGRID	OGRID # 229137
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of COG Operating, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors	MRC Permian Company; Matador Production Company
Well Family	Hambone
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Corral Canyon; Bone Spring, South pool (13354)
Well Location Setback Rules	Statewide
Spacing Unit Size	280-acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	280-acres
Building Blocks	quarter-quarter
Orientation	Standup
Description: TRS/County	W/2W/2 of Section 5, the W/2NW/4 and NW/4SW/4 of Section 8, Township 26 South, Range 29 East, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	-
Proximity Defining Well: if yes, description	-
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Hambone #506H (API # pending) SHL – S8-T26S-R29E, 1553 FSL, 1695 FWL (Unit K) BHL – S5-T26S-R29E, 50 FNL, 990 FWL (Unit D) Completion Target: Bone Spring formation TVD: Approx. 8400'
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 \$	8000
Production Supervision/Month \$	800
Justification 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)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7

Received by OCD: 3/1/2022 9:58:03 AM

Released to Imaging: 3/1/2022 10:29:00 AM

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ORDER NO. R-22094

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Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	Exhibit A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
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):	
Date:	2/28/2022

Received by OCD: 3/1/2022 9:58:03 AM

Released to Imaging: 3/1/2022 10:29:00 AM

HAMBONE FED COM 506H SPACING UNIT	5-26S-29E	Tract 6 NM-118113 80 ac	5-26S-29E
		Tract 2 FEE 40 ac	
		Tract 8 FEE 38.5 ac	
	8-26S-29E	Tract 9 FEE 40 ac	8-26S-29E
		Tract 5 VB-2345 80 ac	

** = Party that has voluntarily executed a pooling agreement since the original hearing for order R-22094

*=Previously pooled parties under compulsory pooling order R-22094

COG Operating LLC	0.14285714	0.00000000	0.13571429	0.14285714	0.13730159	0.55873016
Concho Oil & Gas LLC	0.00000000	0.00000000	0.00714286	0.00000000	0.00357143	0.01071429
MRC Permian Company	0.00000000	0.28571429	0.00000000	0.00000000	0.00000000	0.28571429
Devon Energy Production Co.	0.00000000	0.00000000	0.14285714	0.00000000	0.00000000	0.14285714
Marathon Oil Permian LLC	0.00000000	0.00000000	0.00000000	0.00000000	0.00198413	0.00198413
TOTAL						1.00000000

Well Proposal Sent	Yes
Communitization Agmts Sent	Yes
Joint Operating Agmt Sent	Yes

PARTIES TO POOL

INTEREST TYPE

Devon Energy Production Company, LP
 333 W. Sheridan Avenue
 Oklahoma City, OK 73102
 ATTN: Land Department
 Marathon Oil Permian LLC
 5555 San Felipe St
 Houston, TX 77056
 ATTN: Land Department

WI

WI

*Debra Kunkel
 PO Box 28504, Austin TX 78755
 *MRC Permian Company LLC
 5400 LBJ Freewa Suite 1500, Dallas, TX 75240
 *Grizzly Operating, LLC
 5847 San Felipe, Ste 3000, Houston, TX 77057
 *Grizzly Operating, LLC
 5847 San Felipe, Ste 3000, Houston, TX 77057
 *Delaware Ranch, Inc.
 1304 W. Riverside Dr, Carlsbad, NM 88220
 *1836 Royalty Partners, LLC
 *Jubilee Royalty Holdings LLC

RI
 RT (State)
 RT (Fed)
 ORRI
 RI
 RI
 RI

*Ranchito AD4, LP	RI
*Tundra AD3, LP	RI
*Wing Resources IV, LLC	
2100 McKinney Ave, Suite 1540, Dallas, TX 75201	RI
*Edwin Fowlkes Heirs Family LP	RI
**John M. Fowlkes, ssp	
1111 West Texas, Marfa TX 79843	
PO Box 1470, Marfa, TX 79843	RI
**Preston L. Fowlkes, ssp	RI
**Edwin H. Fowlkes III (Trey), ssp	RI
**Janet Renee Fowlkes Murrey, ssp	RI
**Patrick K. Fowlkes, ssp	RI
*George & Nicole F. Poage	
PO Box 369, Marble Falls, TX 78654	NPRI
**Kemp Smith, LLP	
221 N. Kansas Suite 1700, El Paso, TX 79901	NPRI
*Mitchel E. & Elizabeth L. Cheney	
236 Merrie Way Lane, Houston, TX 77024	ORRI
*Lynn S. & Grace Charuk	
3921 Tanforan Ave, Midland, TX 79707	ORRI
**Penasco Petroleum LLC	
PO Box 2992, Roswell, NM 88202	ORRI
*Marguerite Fort Bruns, ssp	
10316 County Manor PL NW, Albuquerque, NM 87114	ORRI



September 16, 2021

Via Certified Mail 9489 0090 0027 6357 7568 94 and Electronic Mail to crice@marathonoil.com
Marathon Oil Permian LLC
5555 San Felipe St
Houston, TX 77056
Attn: Land Department

Re: HAMBONE FED COM 506H
W2W2 of Sec. 5 and W2NW & NWSW of Sec. 8, T26S-R29E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating, LLC ("COG"), as Operator, hereby proposes the drilling of the following horizontal wells:

- **Hambone Fed Com 506H**, to be drilled to a depth sufficient to test the Second Bone Spring formation at an approximate total vertical depth of 8,400'. The surface location for this well is proposed at a legal location in Unit L of Section 8, T26S-R29E, and a bottom hole location at a legal location in Unit D of Section 5, T26S-R29E. The dedicated horizontal spacing unit will be the W2W2 of Section 5 and W2NW4 & NW4SW4 of Section 8, T26S-R29E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$6,126,190.00, as shown on the attached AFE.

COG is proposing to drill these wells under the terms of two new Operating Agreements which will follow under separate cover.

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

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements, to my attention at the letterhead address or by email to Austin.Kuenstler@conocophillips.com. Should you have any questions, please do not hesitate to contact me at 432.688.6648.

Sincerely,

COG Operating LLC

Austin Kuenstler
Senior Land Negotiator

AK:bh
Enc

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701 | P 432.683.7443 | F 432.683.7441

COG Operating LLC
Case No. 22781
Exhibit A-4

Page 2 - September 20, 2021
Hambone Fed Com 506H

Please indicate your election below:

<u>WELL NAME</u>	<u>PARTICIPATE</u> Elect to participate in drilling & completion of well	<u>DO NOT PARTICIPATE</u> Elect NOT to participate in drilling & completion of well
Hambone Fed Com 506H		

MARATHON OIL PERMIAN LLC

By: _____

Name: _____

Title: _____

Date: _____



January 4, 2022

Via Electronic Mail to crice@marathonoil.com

Marathon Oil Permian LLC

5555 San Felipe St

Houston, TX 77056

Attn: Land Department

Re: HAMBONE FED COM 506H
W2W2 of Sec. 5 and W2NW & NWSW of Sec. 8, T26S-R29E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating LLC ("COG"), as Operator, previously proposed the Hambone Fed Com 506H well located as described above. Please allow this *informational letter* to serve as a correction to the Unit Letter typo highlighted below. It is our intent that the Hambone Fed Com 505H and 506H wells will share a pad in Unit K of Section 8. A copy of each respective AFE is attached which has only been revised to reflect the changes below.

- **Hambone Fed Com 506H**, to be drilled to a depth sufficient to test the Second Bone Spring formation at an approximate total vertical depth of 8,400'. The surface location for this well is proposed at a legal location in **Unit K** of Section 8, T26S-R29E, and a bottom hole location at a legal location in Unit D of Section 5, T26S-R29E. The dedicated horizontal spacing unit will be the W2W2 of Section 5 and W2NW4 & NW4SW4 of Section 8, T26S-R29E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$6,126,190.00, as shown on the attached AFE.

Should you have any questions, please do not hesitate to contact me at ashley.a.roush@conocophillips.com or 432.230.3388.

Sincerely,

COG Operating LLC

//Ashley Roush//

Ashley Roush
Land Supervisor

AR:bh

Enc

Hambone Fed Com 506H-Chronology Efforts

- 9.20.21 Well proposals sent to Parties

- 10.12.21 Federal Communitization Agreements (501H, 502H, 505H, 506H) to applicable parties
State Communitization Agreements (502H, 505H, 506H) to applicable parties
Ratifications of Federal Communitization Agreements (501H, 502H, 505H, 506H) sent to applicable parties
Designation of Pooled Unit (505H, 506H) sent to applicable parties

- 10.18.21 OA Mailed to potential WIOs

Additional Pooling Agreements (Pooling Agmt, CA, Ratification of DPU) sent to applicable parties

- 10.26.21 Revised Ex A (correcting "C" and "D" interest) sent to parties

- 10.26.21-present Ongoing OA negotiations

COG Operating LLC
Case No. 22781
Exhibit A-5

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

APPLICATION OF COG OPERATING LLC
TO POOL ADDITIONAL INTEREST OWNERS
UNDER ORDER NO. R-22094,
EDDY COUNTY, NEW MEXICO.

CASE NO. 22781
ORDER NO. R-22094 (Re-Open)

SELF-AFFIRMED STATEMENT
OF DANA S. HARDY

1. I am attorney in fact and authorized representative of COG Operating, LLC, the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit B-1**.

3. The above-referenced Application was provided, along with the Notice Letter, to the recipients listed in **Exhibit B-2**. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received and includes copies of the certified mail green cards and white slips as supporting documentation for proof of mailing. Receipts were received from each party.

4. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 3 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 next to my signature below.

/s/ Dana S. Hardy
Dana S. Hardy

May 31, 2022
Date

COG Operating LLC
Case No. 22781
Exhibit B



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

April 14, 2022

VIA CERTIFIED MAIL

TO ALL INTERESTED PARTIES SUBJECT TO NOTICE

Re: Case No. 22781 – Application of COG Operating, LLC to Pool Additional Interest Owners Under Order No. R-22094, Eddy 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 **June 2, 2022** 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: <http://www.emnrd.state.nm.us/OCD/announcements.html>. 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 electronically submitted to ocd.hearings@state.nm.us 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 me if you have any questions about this matter.

Thank you for your attention to this matter.

Very truly yours,

/s/ Dana S. Hardy
Dana S. Hardy

COG Operating LLC
Case No. 22781
Exhibit B-1

DSH:sm
Enclosure

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

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

7601 JEFFERSON ST NE · SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321

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

APPLICATION OF COG OPERATING,
LLC TO POOL ADDITIONAL INTEREST OWNERS
UNDER ORDER NO. R-22094,
EDDY COUNTY, NEW MEXICO

Case No. 22781

NOTICE LETTERS

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Devon Energy Production Company, LP Attn: Land Department 333 W. Sheridan Avenue Oklahoma City, OK 73102	04/14/22	5/3/22
Marathon Oil Permian LLC Attn: Land Department 5555 San Felipe Street Houston, TX 77056	4/14/22	4/26/22

COG Operating LLC
Case No. 22781
Exhibit B-2

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

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE


SANTA FE, NM 87501
APR 14 2022
USPS

7021 0950 0000 0560 1207
3245 4960 0364 5426

Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	
\$	
Total Postage and Fees	
\$	
Sent To	
Devon Energy Production Company, LP	
Street	Attn: Land Department
	3333 W. Sheridan Avenue
City, S	Oklahoma City, OK 73102

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

USPS TRACKING #



9590 9402 6746 1074 2376 87

First-Class Mail
 Postage & Fees Paid
 USPS
 Permit No. G-10

United States Postal Service

RECEIVED

MAY - 3 2022

• Sender: Please print your name, address, and ZIP+4® in this box•

Sonya Mares

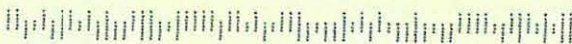
Hinkle Shanor LLP

218 Montezuma Avenue

Santa Fe, NM 87501

COG/Hambone/22781

Hinkle Shanor LLP
Santa Fe NM 87504



7021 0950 0002 0364 5433

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT <i>Domestic Mail Only</i>	
For delivery information, visit our website at www.usps.com ®.	
OFFICIAL USE	
Certified Mail Fee	\$ _____
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____
Postage	\$ _____
Total Postage and Fees	\$ _____
Sent To: Marathon Oil Permian LLC Street an: Attn: Land Department City, State: 5555 San Felipe St. Houston, TX 77056	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X CA2478 <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to: Marathon Oil Permian LLC Attn: Land Department 5555 San Felipe St. Houston, TX 77056	B. Received by (Printed Name) C. Date of Delivery 4/22/22
2. Article Number (Transfer from service label) 7021 0950 0002 0364 5433	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
9590 9402 6746 1074 2376 94	3. Service Type <input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)
PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt	