

**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. 23191

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	23191
Date	December 15, 2022
Applicant	COG Operating LLC
Designated Operator & OGRID (affiliation if applicable)	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:	None.
Well Family	Dominator
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Red Hills; Lower Bone Spring Pool (Code 51020)
Pool Name and Pool Code:	Red Hills; Lower Bone Spring Pool (Code 51020)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acres
Building Blocks:	quarter-quarter
Orientation:	South/North
Description: TRS/County	W/2 E/2 of Section 25, Township 25 South, Range 33 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> is approval of non-standard unit requested in this application?	Yes.
Other Situations	
Depth Severance: Y/N. If yes, description	No.
Proximity Tracts: If yes, description	No.
Proximity Defining Well: if yes, description	No.
Applicant's Ownership in Each Tract	Exhibit A-3
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	Dominator 25 Federal Com 404H (API # 30-025-44739) SHL: 310' FSL & 1950' FEL (Unit O), Section 25, T25S, R33E BHL: 200' FNL & 2310' FEL (Unit B), Section 25, T25S, R33E Completion Target: Bone Spring (Approx. 10685' TVD) Well Orientation 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	

<i>Received by OCD: 12/13/2022 2:48:00 PM</i> Drilling Supervision/Month \$	\$8,000.00	<i>Page 4 of 41</i>
Production Supervision/Month \$	\$800.00	
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 C-1, C-2, C-3	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4	
Ownership Determination		
Land Ownership Schematic of the Spacing Unit	Exhibit A-3	
Tract List (including lease numbers and owners)	Exhibit A-3	
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A	
Pooled Parties (including ownership type)	Exhibit A-3	
Unlocatable Parties to be Pooled	Exhibit A-3	
Ownership Depth Severance (including percentage above & below)	N/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	N/A	
Cost Estimate to Equip Well	N/A	
Cost Estimate for Production Facilities	N/A	
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-3	
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	

Special Provisions/Stipulations

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): /s/ Dana S. Hardy

Date: 12/12/2022

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. 23191

SELF-AFFIRMED STATEMENT
OF MICHAEL POTTS

1. I am a Staff 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 an expert in petroleum land matters were 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. COG seeks an order pooling all uncommitted interests in the Bone Spring formation, Red Hills; Lower Bone Spring Pool (Pool Code 51020), underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 25, Township 25 South, Range 33 East, Lea County, New Mexico (“Unit”).

5. The Unit will be dedicated to the **Dominator 25 Federal Com 404H** well (“Well”) to be horizontally drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 25 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 25.

6. The completed interval of the Well will be orthodox.

7. **Exhibit A-2** contains the C-102 for the Well.

COG Operating LLC
Case No. 23191
Exhibit A

8. **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. COG is only seeking to pool record title owners, and all of the interests are locatable.

9. **Exhibit A-4** contains a sample communitization agreement sent to the parties seeking to be pooled.

10. COG has conducted a diligent search of all county public records including phone directories and computer databases, as well as internet searches, to locate the interest owners it seeks to pool.

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

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

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

14. 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.

15. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony 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.



Michael Potts

11/22/2022
Date

**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. 23191

APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating LLC (OGRID No. 229137) (“Applicant” or (“COG”) applies for an order pooling all uncommitted interests in the Bone Spring formation, Red Hills; Lower Bone Spring Pool (Pool Code 51020), underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 25, Township 25 South, Range 33 East, Lea County, New Mexico (“Unit”). In support of its application COG states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Dominator 25 Federal Com 404H** well (“Well”), to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 25 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 25.
3. The completed interval of the Well will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**COG Operating LLC
Case No. 23191
Exhibit A-1**

6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated as the operator of the Well and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 1, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charges and costs of supervisions while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com
ypena@hinklelawfirm.com
Counsel for COG Operating, LLC

Application of COG Operating, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Bone Spring formation, Red Hills Lower Bone Spring Pool (Pool Code 51020), underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 25, Township 25 South, Range 33 East, Lea County, New Mexico (“Unit”). The Unit will be dedicated to the **Dominator 25 Federal Com 404H** well (“Well”), which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 25 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 25. The completed interval of the Well will be orthodox. Also to be considered will be the cost of drilling and completing the Well and the allocation of the cost, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well. The Well is located approximately 19 miles west of Jal, New Mexico.

DISTRICT I
1625 N. FRENCH DR., HOBBBS, NM 88240
Phone: (575) 533-6181 Fax: (575) 533-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 740-1203 Fax: (575) 765-9722

DISTRICT III
1090 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-8178 Fax: (505) 334-8170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 478-9480 Fax: (505) 478-3482

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 025-44739	Pool Code 51020	Pool Name Red Hills; Lower Bone Spring
Property Code 321209	Property Name DOMINATOR 25 FEDERAL COM	Well Number 404H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3340.6'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	25	25-S	33-E		310	SOUTH	1950	EAST	LEA

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	25	25-S	33-E		200	NORTH	2310	EAST	LEA

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Mayte Reyes 1-20-2020
Signature Date

Mayte Reyes
Printed Name

mreyes1@concho.com
E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 11, 2017
Date of Survey

Signature & Seal of Professional Surveyor

CHAD L. HARCROW
NEW MEXICO
17777
LICENSED PROFESSIONAL SURVEYOR

Chad Harcrow 10/24/17
Certificate No. CHAD HARCROW 17777
W.O. #17-1274 DRAWN BY: JH

COG Operating LLC
Case No. 23191
Exhibit A-2

Dominator 25 Fed Com
 All of Section 25, T25S, R33E
 Lea County, New Mexico

			25
		NMNM 114987	
NMNM 121958			

Unit Working Interest

COG Operating LLC	47.812500%
Concho Oil & Gas LLC	2.187500%
BAFII Permian, LLC	17.383711%
Petras Energy, LP	0.119531%
Muleshoe Crude, LP	2.250000%
WBA Resources, Ltd.	0.562500%
Strategic Energy Assets VII, LLC	0.177188%
Minerva Resources, LLC	1.088438%
Sagebrush Interests, LLC	1.265625%
SRR Permian, LLC	5.020313%
Covenant Natural Resources, LP	0.468439%
Chief Capital (O&G) II, LLC	<u>21.664256%</u>
Total	100.000000%

Tract 1 – E/2E/2, SW/4NE/4, SE/4NW/4, and NW/4SE/4 of Section 25, T25S, R33E

COG Operating LLC	95.000000%
Concho Oil and Gas LLC	5.000000%
Total	100.000000%

Tract 2 – NW/4NE/4, N/2NW/4, SW/4NW/4, SW/4, and SW/4SE/4 of Section 25, T25S, R33E

COG Operating LLC	11.111111%
BAFII Permian, LLC	68.676389%
Petras Energy, LP	0.212500%
Muleshoe Crude, LP	4.000000%

**COG Operating LLC
 Case No. 23191
 Exhibit A-3**

WBA Resources, Ltd.	1.000000%
Strategic Energy Assets VII, LLC	0.315000%
Minerva Resources, LLC	1.935000%
Sagebrush Interests, LLC	2.250000%
SRR Permian, LLC	8.925000%
Covenant Natural Resources, LP	0.832781%
Chief Capital (O&G) II, LLC	<u>0.742219%</u>
Total	100.000000%

Pooled Notification List

Working Interest Owners

All Working Interest Owners have executed the Operating Agreement

Unleased Mineral Interest Owners

None

Unratified Overriding Royalty Interest Owners

None

Unmarketable Title

Minerva Resources, LLC
6321 Campus Circle Dr E
Irving, TX 75063

Homebound Resources LLC
6321 Campus Circle Dr E
Irving, TX 75063

Strategic Energy Assets VII, LLC
9120 Double Diamond Parkway
Reno, NV 89521

COG Operating LLC
Case No. 23191
Exhibit A-4

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the **1st** day of **July, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 25 South, Range 33 East, N.M.P.M.
Section 25: All
Lea County, New Mexico

Containing **640.00** acres, and this agreement shall include only the **Bone Spring** pool underlying said lands and the crude oil and associated natural gas (*or*) oil and gas hereafter referred to as "communitized substances," producible from such pool.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **COG Operating LLC, 600 W. Illinois Ave., Midland, TX, 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated

by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same pool as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory

body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is **July 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive

Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**WORKING INTEREST OWNER:
LESSEE OF RECORD:
OPERATOR:

COG OPERATING LLC**

Date: _____

By: _____
Ryan D. Owen
Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the _____ day of _____, 20____, by Ryan D. Owen, attorney-in-fact of **COG Operating LLC**, a Delaware limited liability company, on behalf of said company.

Notary Public in and for the State of Texas
My Commission Expires: _____

EXHIBIT "A"

Plat of communitized area covering **640** acres in the following lands:
All of Section 25, T25S – R33E, N.M.P.M., Lea County, New Mexico
Communitized depths are hereby limited to the Bone Spring Pool

Tract 1:
Federal Lease



Tract 2:
Federal Lease

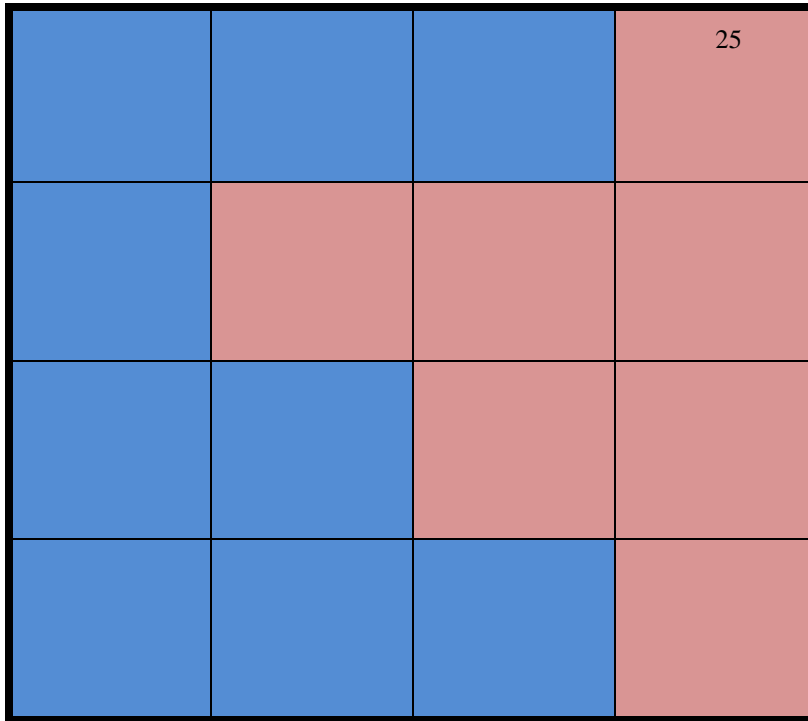


EXHIBIT “B”

To Communitization Agreement dated July 1, 2022 embracing the following lands:
All of Section 25, T25S, R33E, N.M.P.M., Lea County, New Mexico
Communitized depths are hereby limited to the Bone Spring Pool
Operator of Communitized Area: **COG Operating LLC**

DESCRIPTION OF LEASES COMMITTED

TRACT #1

LEASE 1

Date: Effective May 1, 2009
Term: Ten (10) Years
Recorded: Serial No. NMNM 121958
Lessor: United States of America
Lessee: Newkumet Expl Inc
Lands: Township 25 South, Range 33 East, N.M.P.M
Section 25: NWNE, N/2NW, SWNW, SW, and SWSE
Number of Acres: 360.00
Royalty Rate: 12.5%
WI Owner Names: COG Operating LLC, Concho Oil and Gas LLC, Petras Energy LP, Muleshoe Crude, LP, WBA Resources Ltd, Strategic Energy Assets VII LLC, Sagebrush Interests LLC, Chief Capital (O&G) II LLC, SRR Permian LLC, Covenant Natural Resources LP, and BAFII Permian LLC
ORRI Owners: Of record

TRACT #2

LEASE 1

Date: Effective December 1, 2005
Term: Ten (10) Years
Recorded: Serial No. NMNM 114987
Lessor: United States of America
Lessee: Marbob Energy Corporation
Lands: Township 25 South, Range 33 East, N.M.P.M
Section 25: E/2E/2, SWNE, SENW, and NWSE
Number of Acres: 280.00
Royalty Rate: 12.5%
WI Owner Names: COG Operating LLC, Concho Oil and Gas LLC, Petras Energy LP, Muleshoe Crude, LP, WBA Resources Ltd, Strategic Energy Assets VII LLC, Sagebrush Interests LLC, Chief Capital (O&G) II LLC, SRR Permian LLC, Covenant Natural Resources LP, and BAFII Permian LLC
ORRI Owners: Of record

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	360.00	56.25%
2	280.00	43.75%
Total	640.00	100.00%

Owner Name	Address	City	St	Zip	Country	INTEREST TYPE	Date Mailed	Called	Emailed
Minerva Resources, LLC	6321 Campus Circle Dr. E	Irving	TX	75063	US	WI	10/18/22	09/13/22	08/18/22
									08/25/22
									08/29/22
									09/08/22
									09/13/22
									09/30/22
									10/10/22
									10/12/22
									11/03/22
									Homebound Resources LLC
08/25/22									
08/29/22									
09/08/22									
09/13/22									
09/30/22									
10/10/22									
10/12/22									
11/03/22									
Strategic Energy Assets VII, LLC	9120 Double Diamond Parkway	Reno	NV	89521	US	WI	10/18/22	09/13/22	
									08/25/22
									08/29/22
									09/08/22
									09/13/22
									09/30/22
									10/10/22
									10/12/22
									11/03/22

COG Operating LLC
Case No. 23191
Exhibit A-5

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

**APPLICATIONS OF COG OPERATING LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 23188 - 23191

**SELF-AFFIRMED STATEMENT
OF CODY BACON**

1. I am a geologist for COG Operating LLC (“COG”). I am over 18 years of age, have personal knowledge of the matters addressed hearing, 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 of the proposed horizontal spacing units for the Avalon wells included in COG’s applications - the **Dominator 25 Federal Com 104H, Dominator 25 Federal Com 106H, Dominator 25 Federal Com 404H, and Dominator 25 Federal Com 406H**. The wellbore paths are pointed out by text boxes. Existing producing wells in the targeted interval are represented by solid green lines.

4. **Exhibit B-2** is a subsea structure map for the top of the Bone Spring formation that is representative of the targeted intervals. The data points are indicated by red crosses. The approximate wellbore paths of the Avalon wells are pointed out by text boxes. The map demonstrates the formation is gently dipping to the east-southeast 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. 23191
Exhibit B**

5. **Exhibit B-3** is a cross section map that identifies three wells penetrating the targeted intervals for the Avalon wells that I used to construct a stratigraphic cross-section from A to A'. I used these well logs because they penetrate the targeted intervals, 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 zones for the wells are labeled on the exhibit. This cross-section demonstrates the target intervals are continuous across the Unit.

7. **Exhibit B-5** is a location map of the proposed horizontal spacing units for the Second Bone Spring wells included in COG's applications - the **Dominator 25 Federal Com 304H and Dominator 25 Federal Com 306H**. The wellbore paths are pointed out by text boxes. Existing producing wells in the targeted interval are represented by solid orange lines.

8. **Exhibit B-6** is a subsea structure map for the base of the Second Bone Spring formation that is representative of the targeted intervals. The data points are indicated by red crosses. The approximate wellbore paths of the Second Bone Spring wells are pointed out by text boxes. The map demonstrates the formation is gently dipping to the east-southeast in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

9. **Exhibit B-7** is a cross section map that identifies three wells penetrating the targeted intervals for the Second Bone Spring wells that I used to construct a stratigraphic cross-section from B to B'. I used these well logs because they penetrate the targeted intervals, are of good quality, and are representative of the geology in the area.

10. **Exhibit B-8** is a stratigraphic cross-section using the representative wells identified on Exhibit B-7. It contains gamma ray, resistivity and porosity logs. The proposed landing zones for the wells are labeled on the exhibit. This cross-section demonstrates the target intervals are continuous across the Unit.

11. In my opinion, a standup orientation for the wells is appropriate to properly develop the subject acreage because of consistent rock properties throughout the units and the lack of preferred fracture orientation in this portion of the trend.

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

13. 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.

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

15. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm my testimony 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.



M. Cody Bacon
Cody Bacon

12-8-2022
Date

Dominator 25 Federal Com 104H, 106H, 404H, and 406H

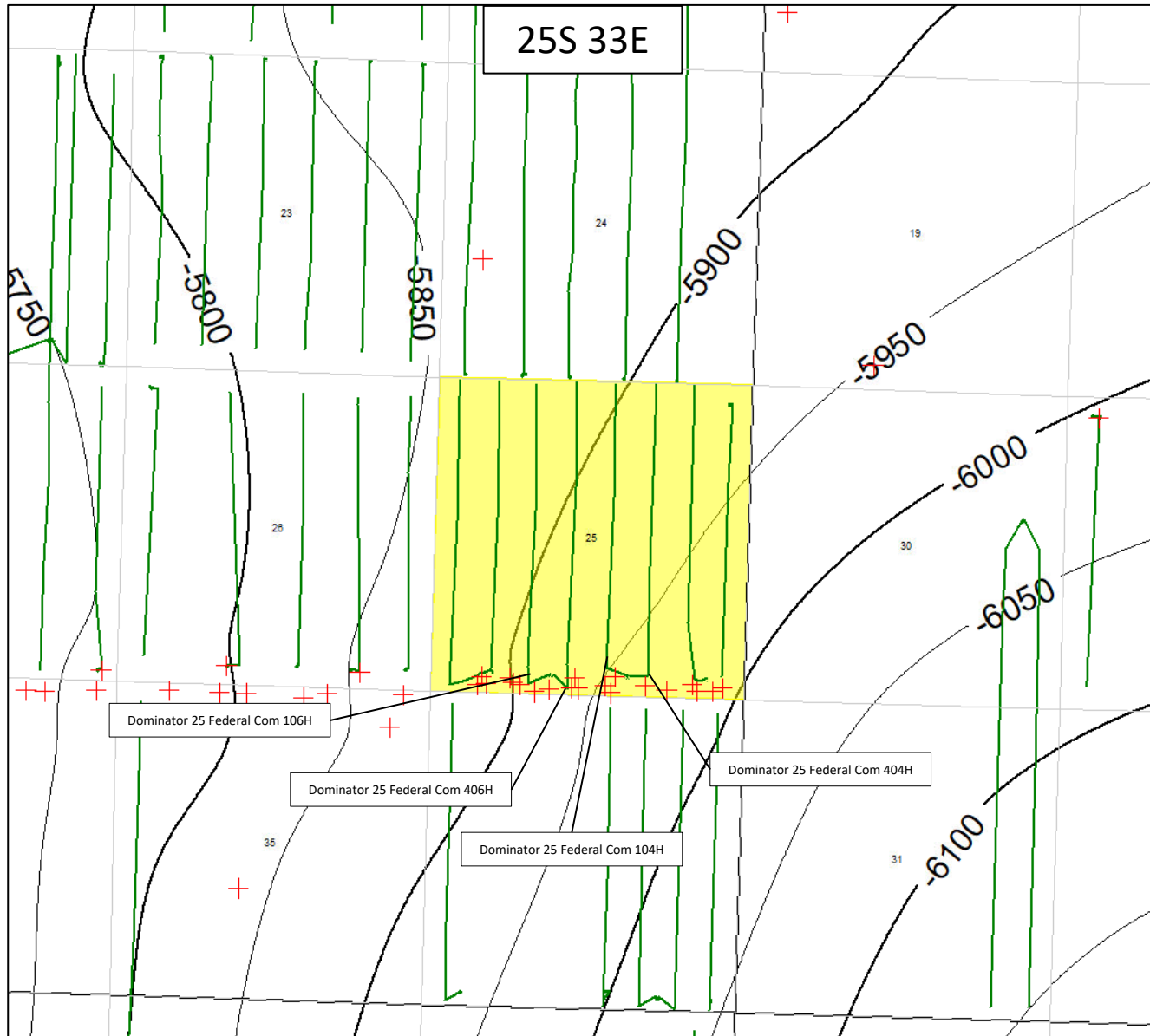


Map Legend





-  Producing Avalon Wells
-  COG Acreage

COG Operating LLC
Case No. 23191
Exhibit B-1

Dominator 25 Federal Com 104H, 106H, 404H, and 406H - BSPG Structure Map



Map Legend




-  Producing Avalon Wells
-  COG Acreage
-  BSPG Structure
CI: 50'
-  Data point

COG Operating LLC
Case No. 23191
Exhibit B-2

Dominator 25 Federal Com 104H, 106H, 404H, and 406H - Cross Section Map

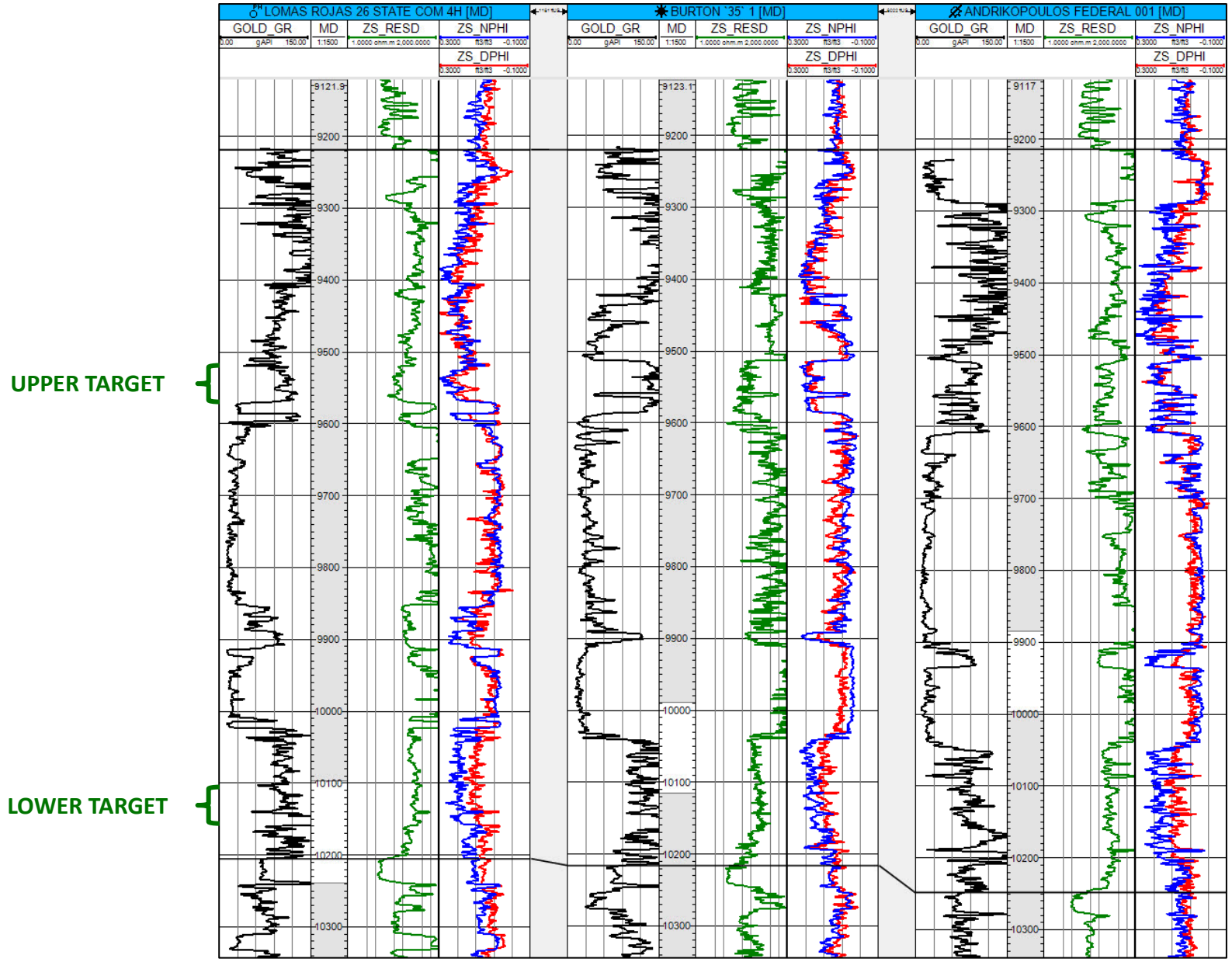


Map Legend

-  Producing Avalon Wells
-  COG Acreage
-  Cross Section A-A'

COG Operating LLC
 Case No. 23191
 Exhibit B-3

Dominator 25 Federal Com - Stratigraphic Cross Section A – A'

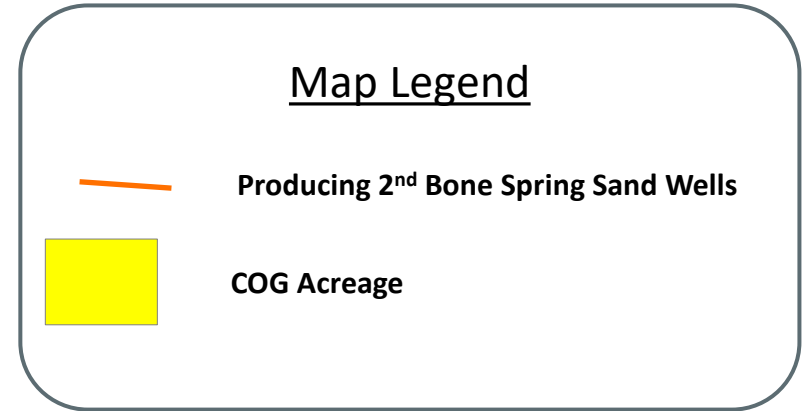
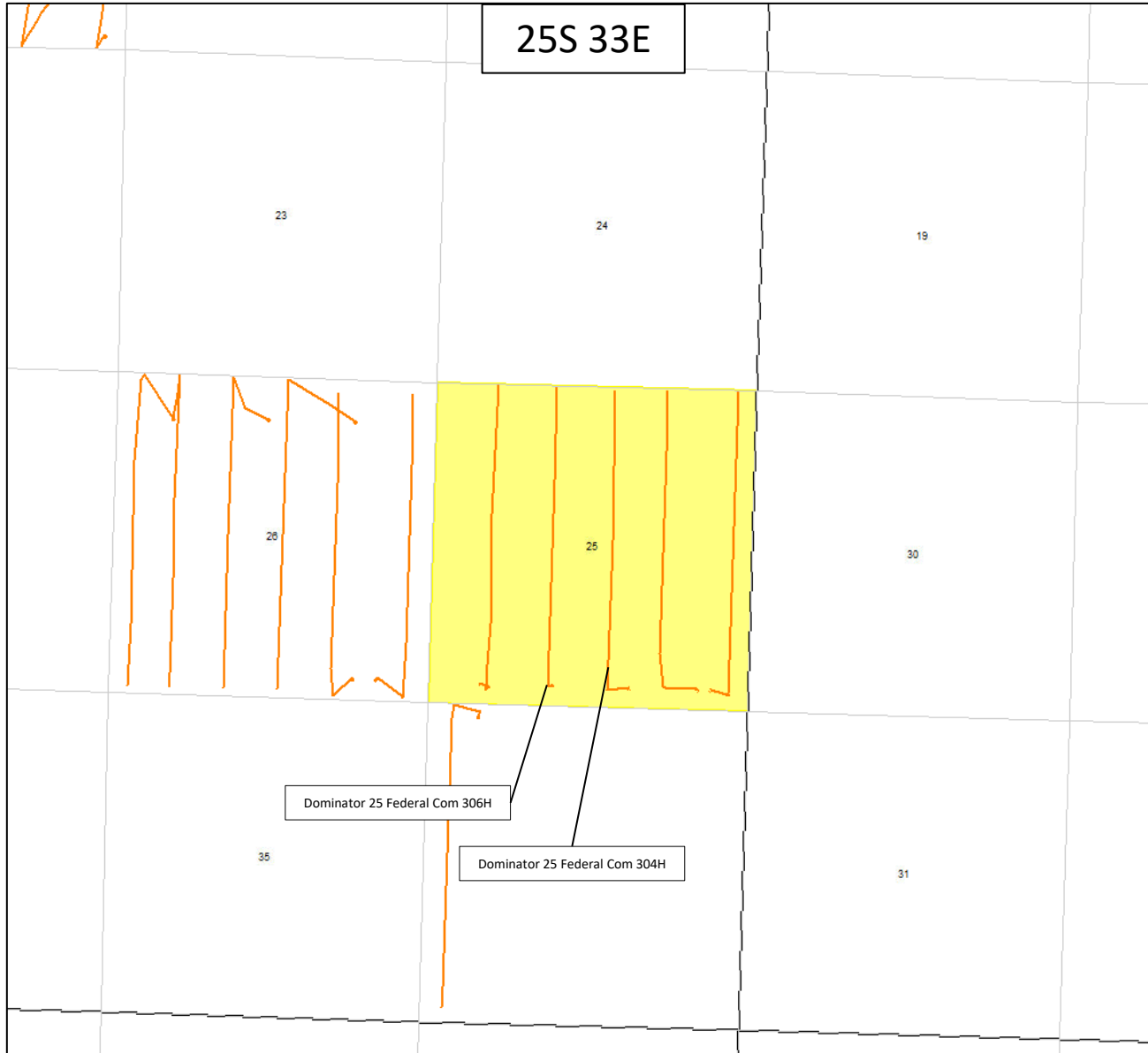


BPSG

BS1S

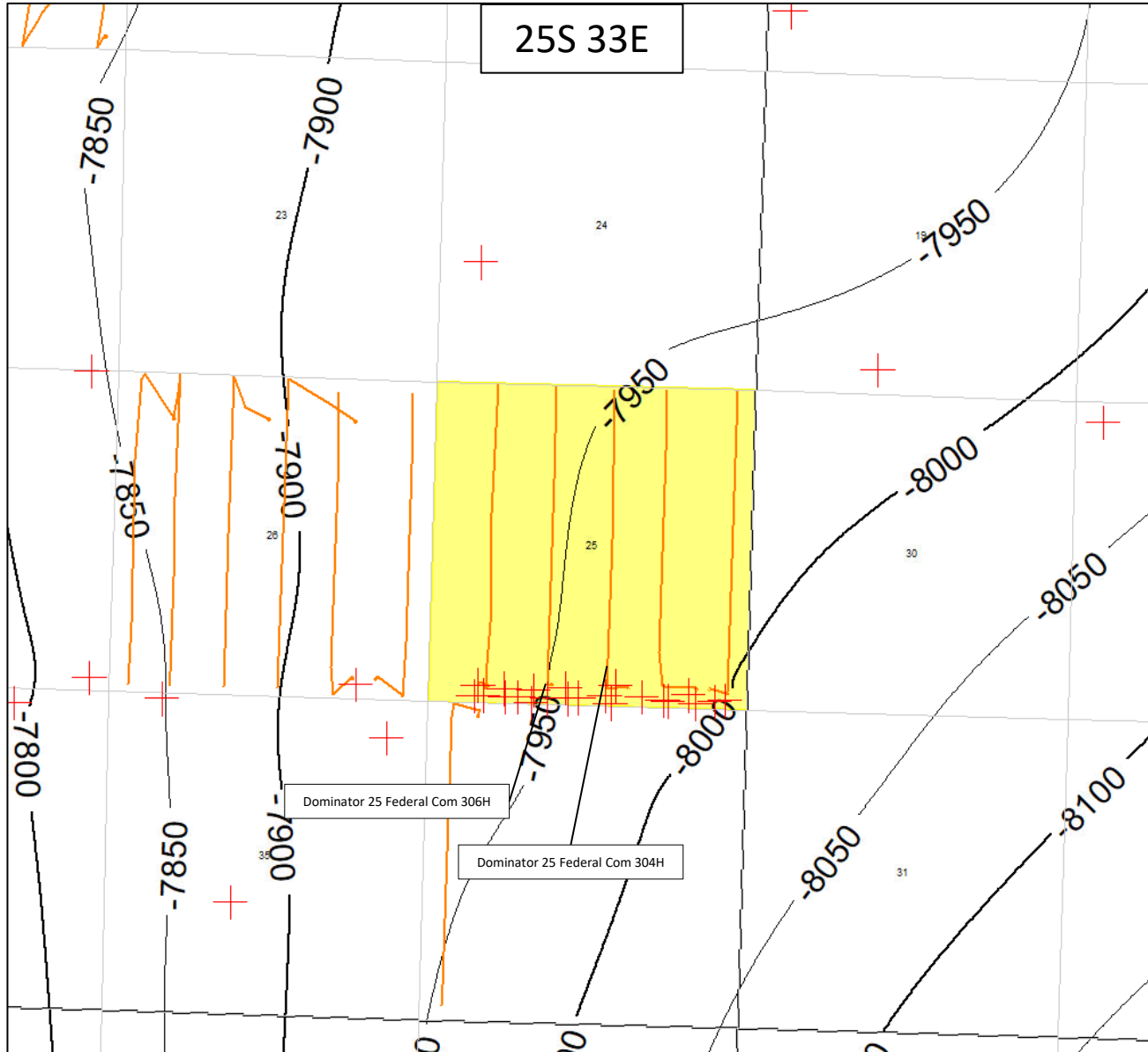
COG Operating LLC
Case No. 23191
Exhibit B-4

Dominator 25 Federal Com 304H and 306H







COG Operating LLC
Case No. 23191
Exhibit B-5

Dominator 25 Federal Com 304H and 306H – BS3C Structure Map

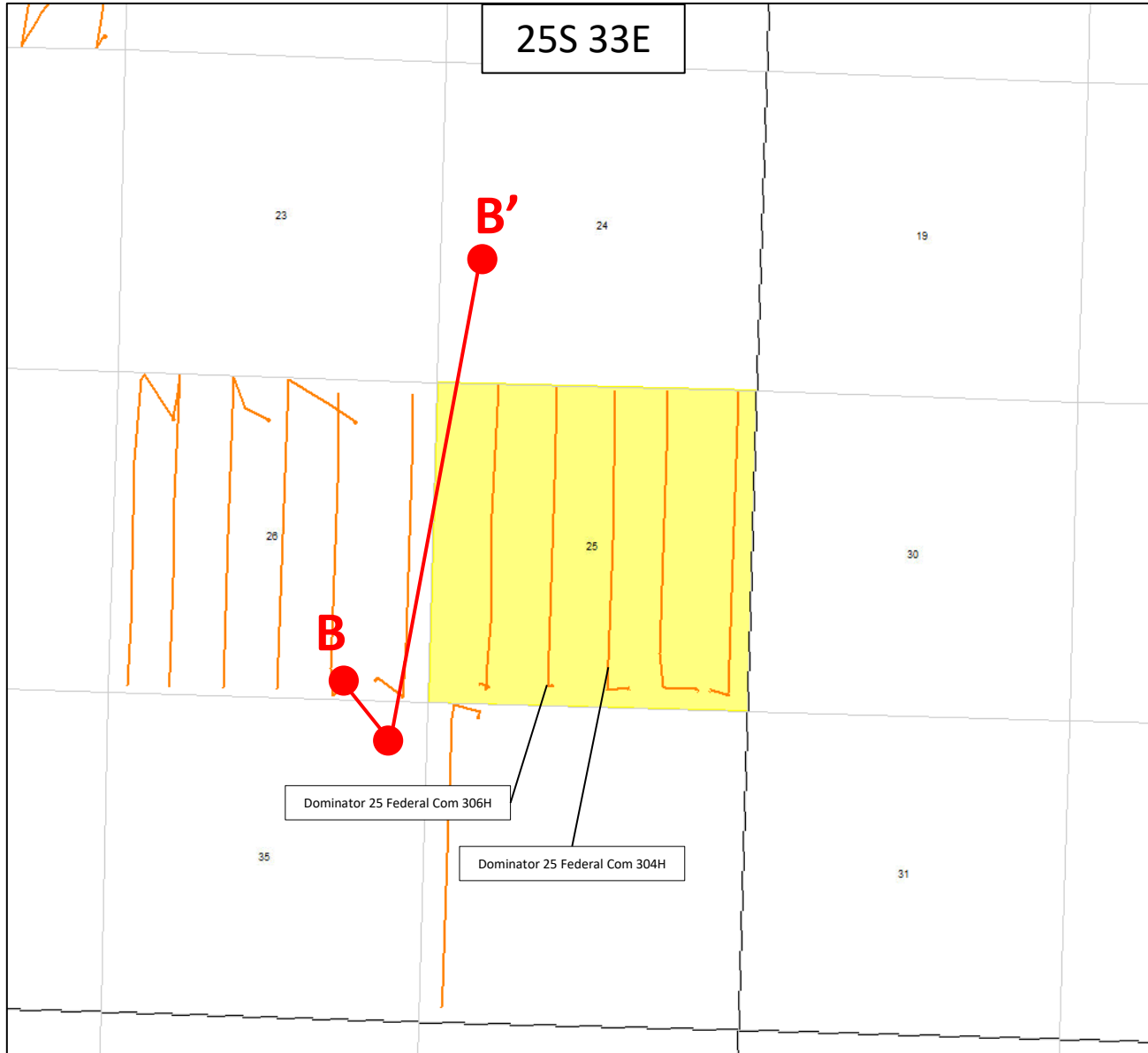


Map Legend




-  Producing 2nd Bone Spring Sand Wells
-  COG Acreage
-  BS3C Structure
CI: 50'
-  Data point

COG Operating LLC
Case No. 23191
Exhibit B-6

Dominator 25 Federal Com 304H and 306H - Cross Section Map



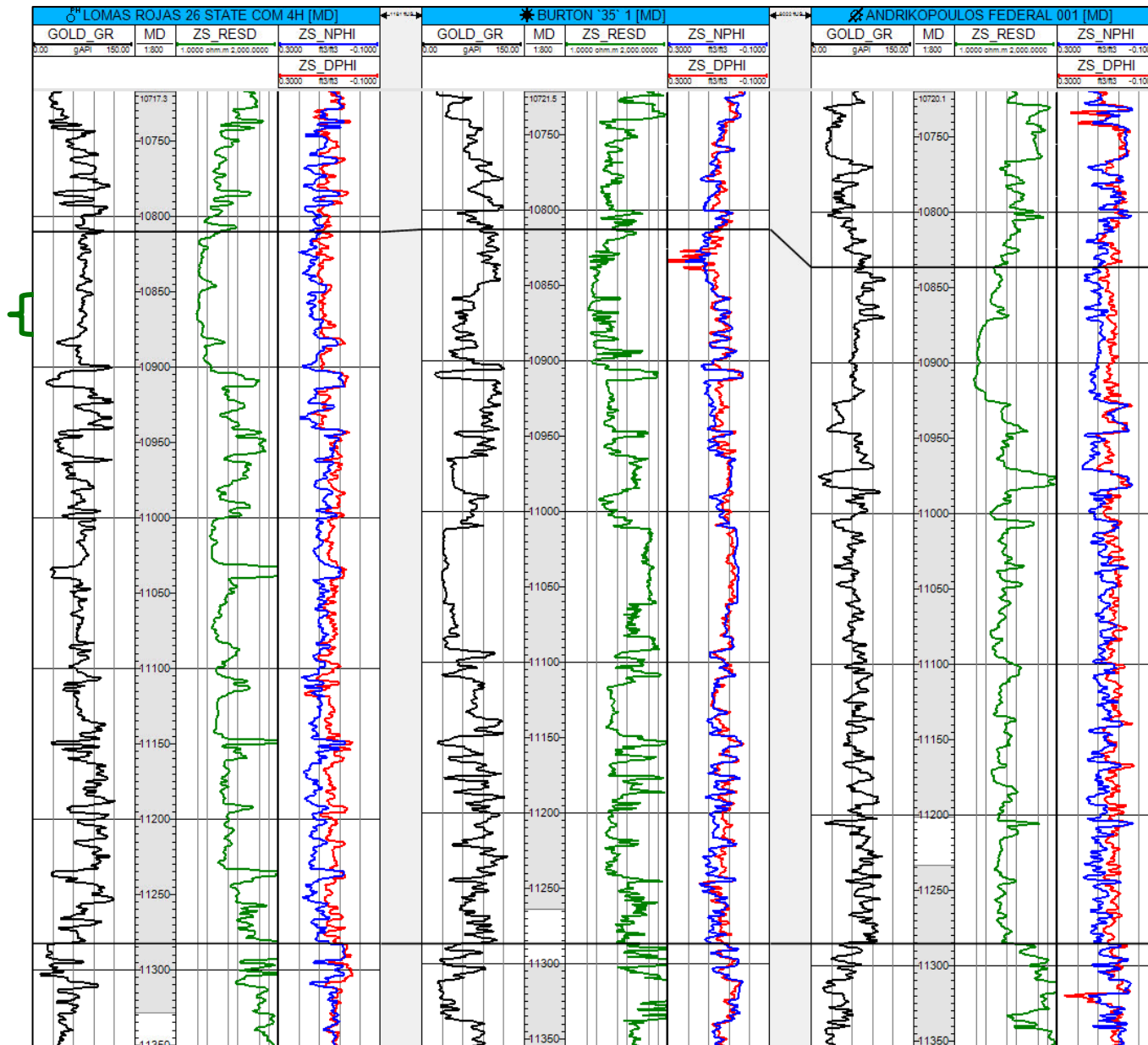
Map Legend

-  Producing 2nd Bone Spring Sand Wells
-  COG Acreage
-  Cross Section B-B'

COG Operating LLC
Case No. 23191
Exhibit B-7

Dominator 25 Federal Com - Stratigraphic Cross Section B – B'

SAND TARGET



BS2S

BS3C

COG Operating LLC
Case No. 23191
Exhibit B-8

**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. 23191

**SELF-AFFIRMED STATEMENT
OF DANA S. HARDY**

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

2. I am familiar with the Notice Letter attached as **Exhibit C-1** and caused the Notice Letter to be sent to the parties set out in the chart attached as **Exhibit C-2**.

3. The above-referenced Application was provided, along with the Notice Letters, to the recipients listed in Exhibit C-2.

4. Exhibit C-2 also provides the date each Notice Letter was sent and the date each return was received.

5. Copies of the certified mail green cards and white slips are attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.

6. On November 17, 2022, I caused a notice to be published to all interested parties in the Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along with a copy of the notice publication, is attached as **Exhibit C-4**.

7. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it 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.

/s/ Dana S. Hardy
Dana S. Hardy

December 12, 2022
Date

**COG Operating LLC
Case No. 23191
Exhibit C**



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:
Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

November 8, 2022

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 23188, 23189, 23190, and 23191 - Applications of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **December 1, 2022** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. 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 submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) or via e-mail to ocd.hearings@emnrd.nm.gov 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 Michael Potts at (432) 253-4542 if you have questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

COG Operating LLC
Case No. 23191
Exhibit C-1

Enclosure

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

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

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



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

P.O. BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:
Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

November 23, 2022

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 23188, 23189, 23190, and 23191 - Applications of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **December 15, 2022** beginning at 8:15 a.m.

Hearings are currently conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. 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 submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/>) or via e-mail to ocd.hearings@emnrd.nm.gov 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 Michael Potts at (432) 253-4542 if you have questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

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

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

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

**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. 23188-23191

NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Homebound Resources LLC 6321 Campus Circle Dr E Irving, Texas 75063	11/08/22	Per USPS Tracking (Last Checked 12/08/22): 11/16/22 - Item in transit to next facility.
Minerva Resources, LLC 6321 Campus Circle Dr E Irving, TX 75063	11/23/22	Per USPS Tracking (Last Checked 12/08/22): 12/08/22 - Item processing at USPS Destination Facility.
Strategic Energy Assets VII, LLC 9120 Double Diamond Parkway Reno, Nevada 89521	11/08/22	11/18/22

**COG Operating LLC
Case No. 23191
Exhibit C-2**

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

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

OFFICIAL USE

Postmark Here
NOV 08 2022

SANTA FE, NM 87501

USPS

7020 0090 0000 0867 3721

Certified Mail Fee \$ _____

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ _____

Return Receipt (electronic) \$ _____

Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____


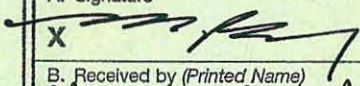
Adult Signature Restricted Delivery \$ _____

Postage \$ _____

Total Postage and Fees \$ _____

Strategic Energy Assets VII, LLC
9120 Double Diamond Parkway
Reno, Nevada 89521
23188-23191 COG Operating - Dominator

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. <p>1. Article Addressed to:</p> <p style="text-align: center;">Strategic Energy Assets VII, LLC 9120 Double Diamond Parkway Reno, Nevada 89521 23188-23191 COG Operating - Dominator</p> <div style="text-align: center;">  9590 9402 7543 2098 9505 09 </div> <p>2. Article Number (Transfer from service label) 7020 0090 0000 0867 3721</p>	<p>A. Signature X  <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) Mona Buscari C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <div style="text-align: center; font-size: 2em; font-weight: bold;">RECEIVED</div> <div style="text-align: center; font-size: 1.5em; font-weight: bold;">NOV 18 2022</div> <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature Hinkle Shanor LP <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery Santa Fe, NM 87501 <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt

COG Operating LLC
Case No. 23191
Exhibit C-3

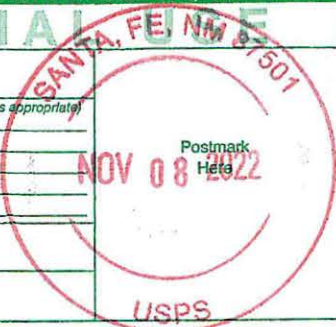
7020 0090 0000 0867 3738

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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	\$



Homebound Resources LLC
 6321 Campus Circle Dr E
 Irving, Texas 75063
 23188-23191 COG Operating - Dominator

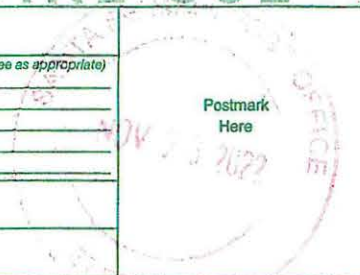
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Certified Mail Fee	\$
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$
Total Postage and Fees	\$



Minerva Resources, LLC
 6321 Campus Circle Dr E
 Irving, TX 75063
 23188-23191 COG Dominator Extra Letter

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
November 17, 2022
and ending with the issue dated
November 17, 2022.



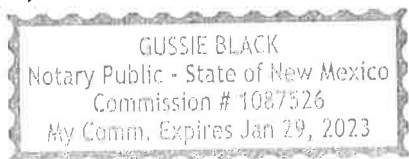
Publisher

Sworn and subscribed to before me this
17th day of November 2022.



Business Manager

My commission expires
January 29, 2023
(Seal)



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
November 17, 2022

This is to notify all interested parties, including Homebound Resources LLC; Strategic Energy Assets VII, LLC; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by COG Operating LLC ("COG") (Case No. 23191). The hearing will be conducted remotely on December 1, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. Applicant applies for an order pooling all uncommitted mineral interests in the Bone Spring formation, Red Hills; Lower Bone Spring Pool (Pool Code 51020), underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 25, Township 25 South, Range 33 East, Lea County, New Mexico ("Unit"). The Unit will be dedicated to the **Dominator 25 Federal Com 404H** well, to be horizontally drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 25 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 25. The completed interval of the well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well is located approximately 19 miles west of Jal, New Mexico.
#00273174

02107475

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

00273174

COG Operating LLC
Case No. 23191
Exhibit C-4