

**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 OF SUPPLEMENTAL EXHIBIT

In accordance with the Division's request at the December 15, 2022 hearing in this matter, COG Operating LLC is providing the Supplemental Self-Affirmed Statement of Michael Potts (Exhibit D), which provides additional information regarding the pooled parties.

Respectfully submitted,

HINKLE SHANOR, LLP

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**SUPPLEMENTAL SELF-AFFIRMED STATEMENT
OF MICHAEL POTTS**

1. I am a Staff Land Negotiator for COG Operating LLC (“COG”). I previously submitted written testimony in these matters.

2. At the December 15, 2022 hearing, the Division requested that COG explain why parties who are being pooled with unmarketable title are also listed as working interest owners who are not being pooled.

3. Homebound Resources LLC’s (“Homebound”) interest in the Dominator wells is subject to a Joint Operating Agreement (“JOA”) executed by Homebound’s predecessor, and Homebound elected to participate in the Dominator wells under the JOA.

4. Following Homebound’s election, Homebound executed a series of conveyances that were unclear as to whether they conveyed a leasehold interest or were limited to the existing wellbores in the Unit, and not the new Bone Spring Dominator wells that are the subject of these Applications.

5. After speaking with Homebound’s Vice President of Land, it was clear that the interests of Homebound were to be transferred to Minerva Resources, LLC (“Minerva”), with 86% of the interest previously owned by Homebound, and Strategic Energy Assets VII, LLC (“Strategic”), receiving the remaining 14% of the interest previously owned by Homebound.

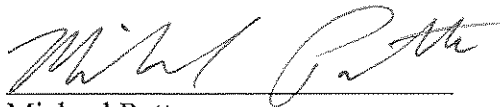
6. Homebound, Minerva, and Strategic, are listed as holding “Unmarketable Title” on COG’s Exhibit A-3 due to the confusion regarding the transfers out of Homebound. However,

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Exhibit D

based on the clarification provided by Homebound, Minerva and Strategic should be referred to as Record Title Owners. I am attaching an updated version of Exhibit A-3 that reflects this correction.

7. Neither Minerva nor Strategic has executed a Communitization Agreement, and therefore these parties need to be pooled to comply with the Bureau of Land Management's requirements Communitization requirements. See BLM Policy Manual at 3160-9.11F, [mediacenter_blmpolicymanual3160-9.pdf](#) ("a communitization agreement signed by the operator and complete in all respects, except for signatures of all working interest and royalty owners, may be accepted and approved by the authorized officer when a State order force-pooling such interests in the lands in question is also submitted"). Both parties were notified of the hearing.

8. 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

12/22/2022
Date

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	21.664256%
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%

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 Supplemental Exh. 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

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

Record Title Owners

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

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