

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

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 23391

EXHIBIT INDEX

Compulsory Pooling Checklist

Exhibit A	Self-Affirmed Statement of Sean P. Miller
A-1	Copy of Resume
A-2	Application & Proposed Notice of Hearing
A-3	C-102
A-4	Plat of Tract, Tract Ownership, Pooled Parties, Unit Recapitulation
A-5	Sample Well Proposal Letter & AFE
A-6	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Deserae Jennings
B-1	Location Map of Deerstalker Federal Com #601H Well
B-2	Subsea Structure Map
B-3	Cross-Section Map
B-4	Stratigraphic Cross-Section
Exhibit C	Self-Affirmed Statement of Dana S. Hardy
C-1	Sample Notice Letter to All Interested Parties
C-2	Chart of Notice to All Interested Parties and Certified Mail Receipts
C-3	Copies of Certified Mail Receipts and Returns
C-4	Affidavit of Publication for February 8, 2023

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23391	APPLICANT'S RESPONSE
Date	March 2, 2023
Applicant	COG Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 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	Deerstalker
Formation/Pool	
Formation Name(s) or Vertical Extent:	WC-023 G-09 S243532M
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	WC-023 G-09 S243532M
Pool Name and Pool Code:	Wolfbone Pool, Code WC-023 G-09 S243532M
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 8, Township 25 South, Range 35 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and 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	N/A
Applicant's Ownership in Each Tract	Exhibit A-4
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	Deerstalker Federal Com #601H (API # ---) SHL: 700' FSL & 1554' FEL (Unit O), Section 8, T25S, R35E BHL: 50' FNL & 1980' FEL (Unit B), Section 8, T25S, R35E Completion Target: Wolfbone (Approx. 12,575' TVD)
Horizontal Well First and Last Take Points	Exhibit A-3
Completion Target (Formation, TVD and MD)	Exhibit A-5
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Justification for Supervision Costs	Exhibit A

Requested Risk Charge	200%
<i>Received by OCD: 2/28/2023 8:53:48 AM</i>	
<i>Page 3 of 36</i>	
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-2
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, Exhibit C-2, Exhibit 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-4
Tract List (including lease numbers and owners)	Exhibit A-4
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-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-6
Overhead Rates In Proposal Letter	Exhibit A-5
Cost Estimate to Drill and Complete	Exhibit A-5
Cost Estimate to Equip Well	Exhibit A-5
Cost Estimate for Production Facilities	Exhibit A-5
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-3
Tracts	Exhibit A-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-4
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	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy

Received (Attorney or Party Representative):	/s/ Dana S. Hardy	Page 4 of 36
Date:		2/28/2023

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

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 23391

**SELF-AFFIRMED STATEMENT
OF SEAN P. MILLER**

1. I am a Senior 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 not previously testified before the New Mexico Oil Conservation Division (“Division”). A copy of my resume is attached as **Exhibit A-1**.

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-2**.

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 WC-023 G-09 S243532M pool underlying a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 8, Township 25 South, Range 35 East, Lea County, New Mexico (“Unit”)

5. The Unit will be dedicated to the **Deerstalker Federal Com #601H** well (“Well”), which will be completed in the **Wolfbone Pool**, Code WC-023 G-09 S243532M. The Well will be horizontally drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 8 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 8.

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

7. **Exhibit A-3** contains the C-102 for the Well.

**COG Operating LLC
Case No. 23391
Exhibit A**

8. **Exhibit A-4** 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. All of the parties are locatable in that COG believes it located valid addresses for them.

9. 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.

10. **Exhibit A-5** contains a sample well proposal letter and AFE sent to the working interest owners for the Well. The estimated costs reflected on the AFE are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the subject formation in the area.

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-6**.


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 for compulsory pooling 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.



Sean P. Miller

2/16/2023
Date

Sean Patrick Miller, CPL

3412 Meadowridge Ln, Midland, TX 79707

seanpmiller7@gmail.com

713.907.7583

www.linkedin.com/in/seanmiller90

Petroleum Landman

Degrees in both business management & petroleum land management

Degrees in both business management and land & resource management with over 9 years experience working as a professional as both an In-House and field Landman. Active AAPL member since 2013.

Work experience includes 4 years operational and non-op land in the Permian Basin in both New Mexico and Texas assets. Over 5 years experience in Rockies and Appalachia assets both in house and field.

Specific roles include:

- Drilling unit creation and asset management
- Contract drafting & negotiating
- Managing brokers for title/leasing/curative
- New Mexico & Texas drilling program
- Extensive industry software familiarity
- Acquisition/Divestitures & Trades

Professional Experience

Concho Resources/ConocoPhillips, Midland, Texas

10/2018 – Present

Sr. Land Negotiator, Texas & New Mexico Asset – Permian Basin

- Responsible for extensive urban leasing program and unit creation running brokers and coordinating with title attorneys for multi-well projects on drill schedule.
- New Mexico OCD compulsory pooling applications and hearings.
- Negotiated contracts including Joint Operating Agreements, Leases, Purchase and Sale Agreements and other negotiable instruments with working interest partners and mineral owners.
- Drilling unit creation through JOA's, Pooling Agreements, Production Sharing Agreements, SUA's etc for contract rights and payment structures to both non-operators and royalty owners.
- Handled curative matters in conjunction with title attorney and brokers in the field.
- Responsible for company operated assets located in Midland, & Martin County, Texas as well as Lea County, NM

Landman II, Joint Interest Ventures Non-Op Team – Permian Basin

- Reviewed well proposals from outside operators primarily in New Mexico as wells as Texas, coordinating with reservoir engineering and geology to determine economics.
- Negotiated contracts including Joint Operating Agreements, Facility Sharing Agreements, Exchange Agreements, Leases, ect.
- Handled trades in both Eddy and Lea counties for acreage positions.

EOG Resources: Denver, CO

1/2018 – 8/2018

Contract Landman, North Dakota Asset

- Ran title for prospective drilling operations in Bakken target area.

COG Operating LLC
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Exhibit A-1

Page Two**Lone Tree Energy**, Littleton, Colorado

2014 – 2018

Contract Landman, Wyoming & West Virginia (Wetzel, Tyler & Marshall counties)

Analyzed records in major drilling asset areas to prepare reports showing ownership of oil and gas rights by abstracts, lease checks and full draft title.

- Completed over 100 lease check title reports to determine mineral owners for leasing purposes in the listed counties in West Virginia
- In a 6-month time period completed 15 full draft title reports to determine full ownership and verify lease bonus payments.
- As a part of a two-man team, analyzed and corrected ownership reports to ensure clarity and accuracy for client.
- Collaborated in developing company sharepoint database, which allowed field and office personnel to assess competitor activity in asset area.
- Compiled over 50 mineral title abstracts covering BLM and private lands furnished to client.

SM Energy, Billings, Montana

2014

Landman Internship, Northern (North Dakota) and Southern (Wyoming) Asset Group

An intern who performed as an in-house landman reviewing legal contracts and title opinions, managing industry mapping software, negotiating leases and addressing land owner relations.

- Reviewed leases to determine possible lease forfeiture to the company due to poorly constructed clauses.
- Prepared working interest and net revenue percentages on over 50 SM operated/non-operated drilling proposals for review by senior landman.
- Coordinated and distributed new well proposals to working interest partners by drafting election letters.
- Conducted searches through online sites, company databases, and phone calls to find unlocatable mineral owners and contacted them directly to negotiate lease terms and bonus offers.
- Partnered with Sr. Landman based in Williston, ND in negotiating surface use agreements, right-of-ways and pipeline easements with land owners in the North Dakota asset.
- Entered lease data into industry mapping software to visualize companies' lease position versus competitor lease positions.

Noble Energy, Denver, Colorado

2012 - 2013

Land Analyst, DJ Basin Group

Facilitated the state regulatory compliance process as well as contract analysis. Member of Arc GIS program review team to determine company lease expiration schedule.

Education**Bachelor of Petroleum Land and Resource Management** *GPR: 3.82*

2014

- Western State Colorado University, Gunnison, Colorado

Bachelor of Business Administration in Management *GPR: 3.19*

2012

- Texas A&M University, College Station, Texas

**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. 23391

APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating LLC (“Applicant”) (OGRID No. 229137) applies for an order pooling all uncommitted mineral interests in the WC-023 G-09 S243532M pool, underlying a 160-acre, more or less, standard horizontal spacing unit (“Unit”) comprised of the W/2 E/2 of Section 8, Township 25 South, Range 35 East, Lea County, New Mexico. In support of its application, Applicant 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 **Deerstalker Federal Com #601H** well (“Well”), to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 8 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 8.
3. The completed interval of the Well will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all the mineral interest owners.
5. The pooling of uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

**COG Operating LLC
Case No. 23391
Exhibit A-2**

WHEREFORE, Applicant requests this application be set for hearing on March 2, 2023, and that after notice and hearing 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 supervision while drilling and after completion, together with a provision adjusting the rates 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
Facsimile: (505) 982-8623
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. COG Operating, LLC (“Applicant”) seeks an order pooling all uncommitted interests in the WC-023 G-09 S243532M pool, underlying a 160-acre, more or less, standard horizontal spacing unit (“Unit”) comprised of the W/2 E/2 of Section 8, Township 25 South, Range 35 East, Lea County, New Mexico. Applicant seeks to dedicate the Unit to the **Deerstalker Federal Com #601H** well (“Well”), to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 8 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 8. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, 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 11 miles west of Jal, New Mexico.

Case No. 23391

Exhibit A-3

DISTRICT I
1625 N. FRENCH DR., HOBBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
611 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 478-3460 Fax: (505) 478-3462

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		Pool Code	Pool Name
		WC-023 G-09 S243532M	Wolfbone
Property Code	Property Name		Well Number
	DEERSTALKER FEDERAL COM		601H
OGRID No.	Operator Name		Elevation
229137	COG OPERATING, LLC		3273.1'

Surface Location

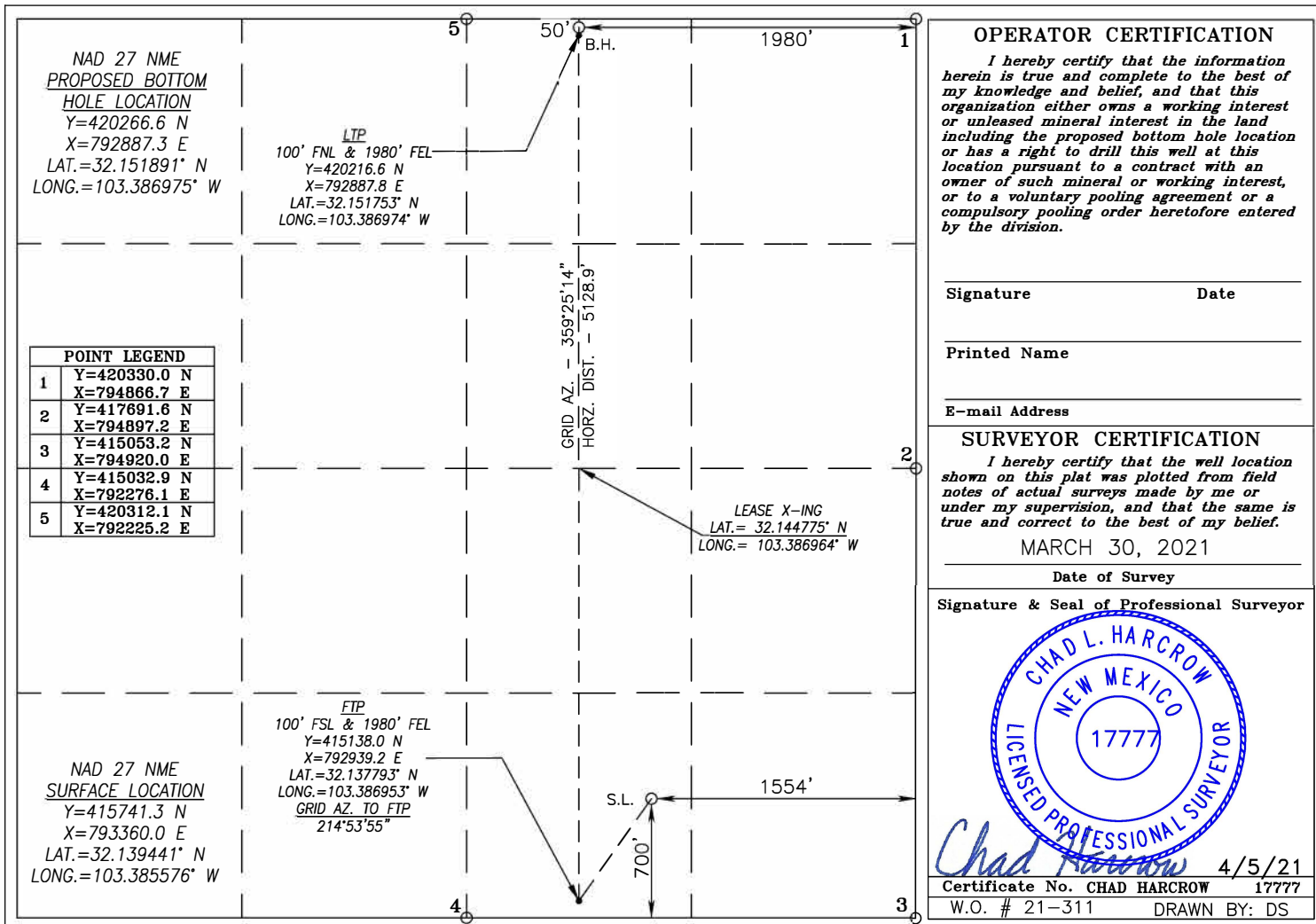
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	8	25-S	35-E		700	SOUTH	1554	EAST	LEA

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	8	25-S	35-E		50	NORTH	1980	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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



OPERATOR CERTIFICATION

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

Signature _____ Date _____

Printed Name _____

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.

MARCH 30, 2021

Date of Survey _____

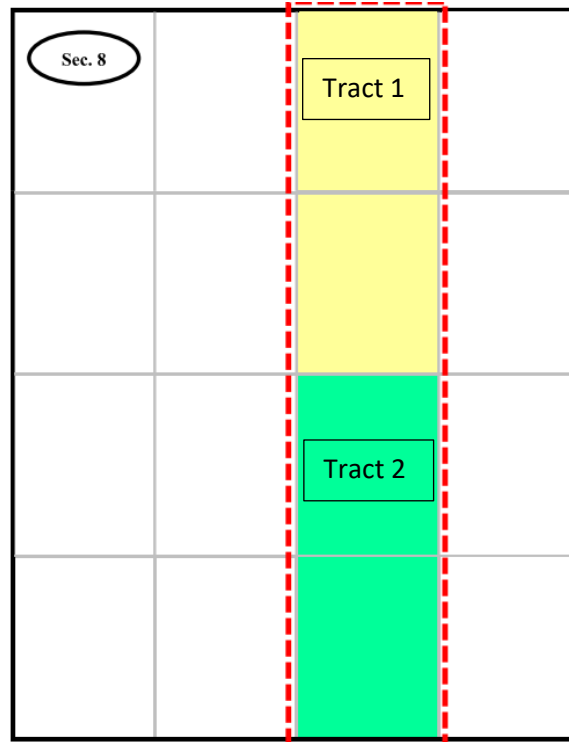
Signature & Seal of Professional Surveyor




CHAD L. HARCROW
NEW MEXICO
LICENSED PROFESSIONAL SURVEYOR
17777

Chad Harcrow 4/5/21

Certificate No. CHAD HARCROW 17777
W.O. # 21-311 DRAWN BY: DS

Deerstalker Fed Com 601H Unit
T25S-R35E-Section 8: W2E2
Lea County, NM



	160.00/acre Bone Spring Spacing Unit and Communitization Agreement
	Fee Leases (80.00 acres) – various royalty rate
	Federal Lease Lease NM-125658 (80.00 acres) - 12.5% royalty rate

COG Operating LLC
Case No. 23391
Exhibit A-4

**Deerstalker Fed Com 601H Unit
T25S-R35E-Section 8: W2E2
Lea County, NM**

Unit Working Interest

COG Operating LLC	.72186666
COG Acreage LP	.19991111
Marathon Oil Permian LLC	.04000000
BEXP I OG, LLC	.03555556
RSP Permian, L.L.C.	.00266667
Total	1.0000000

Tract 1 – W2NE of Section 8 – T25S-R5E

COG Operating LLC	.44373334
COG Acreage LP	.39982222
Marathon Oil Permian LLC	.08000000
BEXP I OG, LLC	.07111111
RSP Permian, L.L.C.	.00533333
Total	1.0000000

Tract 2 – W2SE of Section 8 – T25S-R35E

COG Operating LLC	1.0000000
Total	1.0000000

Pooling Notification List

Working Interest Owners

Marathon Oil Permian, LLC
990 Town and Country Blvd.
Houston, TX 77024

Overriding Royalty Interest Owners

Nilo Operating Company
P. O. Box 4262
Houston, TX 77210



Sean P. Miller, CPL
Sr. Land Negotiator

600 W. Illinois Ave
Midland, TX 79701

Sean.Miller@conocophillips.com

Via Federal Express

November 16, 2022

Marathon Oil Permian, LLC
9099 Town and Country
Houston, TX 77024

Re: Well Proposal - Deerstalker Federal Com 601H
Township 25 South – Range 35 East
Section 8: W2E2
Lea County, New Mexico
160.0 Ac – Wolfbone Pool

Marathon Oil Permian, LLC:

COG Operating LLC (“COG”), as Operator, hereby proposes the drilling of the following horizontal well with productive laterals located in the W2E2 of Section 8, T25S-R35E, Lea County, New Mexico (collectively, the “Operation”). The surface pad location will be located in Unit Letter O of Section 8, T25S-R35E (or another location chosen by Operator).

- **DEERSTALKER FEDERAL COM #601H**, to be drilled to a depth sufficient to test the Wolfbone Pool at an approximate total vertical depth of 12,575 feet. The estimated surface hole location for this well is proposed at approximately 700’ FSL, 1554’ FEL or a location in Unit Letter O of Section 8. The first take point for this well is estimated at approximately 100’ FSL, 1,980’ FEL of Section 8, and the last take point is estimated at approximately 100’ FNL, 1,980’ FEL of Section 8. The estimated bottom hole location for this well is proposed at approximately 50’ FNL, 1980’ FEL’, of Section 8 or a location in Unit B of Section 8. The dedicated horizontal spacing unit will be the W/2E/2 of Section 8, T25S-R35E, Lea County, New Mexico. The total estimated cost to drill and complete said well is \$\$9,893,218.31, as shown on the attached Authority for Expenditure (“AFE”).

COG is proposing these wells under the terms of a new Operating Agreement which is included for your review and approval. It has the following general provisions:

- 100%/300% Non-Consenting Penalty;
- \$8000 Drilling and \$800 Producing Rate; and
- COG Operating LLC named as Operator.

COG Operating LLC is a wholly owned subsidiary of ConocoPhillips

COG Operating LLC
Case No. 23391
Exhibit A-5

If you do not wish to participate, COG proposes to acquire your interest via term assignment. It has the following general provisions:

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

The Term Assignment offer terminates December 31, 2022 and is subject to the approval of COG’s management and verification of title. If an agreement cannot be reached within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

Please indicate your participation elections in the spaces provided below, sign, and return this letter, along with a signed copy of the enclosed AFEs and fully executed signature pages to the JOA, in the enclosed postage paid envelope.

If you have any questions, please do not hesitate to contact me at 432-818-2371.

Sincerely,

Sean P. Miller

Sean P. Miller, CPL
Sr. Land Negotiator

_____ I/We hereby elect to participate in the drilling and completion of the
DEERSTALKER FED COM 601H

_____ I/We hereby elect **not** to participate in the drilling and completion of the
DEERSTALKER FED COM 601H

Marathon Oil Permian, LLC

By: _____

Name: _____

Title: _____

Date: _____

Project Cost Summary



This document contains proposed and estimated project cost information which is proprietary and confidential to ConocoPhillips.

Well Name	DEERSTALKER FEDERAL COM 601H
Job Type	Drill (Ver)
State	New Mexico - 30
County/Parish	Lea - 025
Authorization Number	WA7.XDC.0663

Cost Feature Group	Grand Total			
	Drilling	Completions	P&A	Facilities
A000: CASING & TUBING	\$1,360,000.00	\$0.00	\$0.00	\$184,250.00
B000: WELLHEAD, XMAS TREE, AND ASST EQUIPT	\$75,000.00	\$10,000.00	\$0.00	\$57,200.00
C000: COMPLETION EQUIPMENT & OTHER	\$0.00	\$0.00	\$0.00	\$1,439,540.00
D000: LOCATION (WELLSITE RELATED)	\$81,825.00	\$12,500.00	\$0.00	\$91,388.00
E000: RIGS & RIG RELATED	\$722,285.71	\$0.00	\$0.00	\$18,600.00
F000: DRILLING & COMPLETION UTILITIES (ALL)	\$198,000.00	\$642,000.00	\$0.00	\$0.00
G000: FLUID AND CHEMICALS SERVICES	\$195,000.00	\$40,000.00	\$0.00	\$0.00
H000: DIRECTIONAL DRILLING / MWD / LWD	\$240,900.00	\$0.00	\$0.00	\$0.00
J000: CEMENTING MATERIALS, SERVICES, AND CSG ACCS	\$236,079.60	\$0.00	\$0.00	\$0.00
K000: FORMATION EVALUATION	\$39,000.00	\$0.00	\$0.00	\$0.00
M000: COMPLETION & TESTING	\$0.00	\$15,000.00	\$0.00	\$0.00
N000: FORMATION STIMULATION & TREATING	\$0.00	\$1,990,000.00	\$0.00	\$0.00
O000: CERTIFICATION, INSPECT, CONTROL & TEST	\$0.00	\$0.00	\$0.00	\$0.00
P000: TRANSPORTATION SUPPLY & DISPOSAL	\$75,000.00	\$30,000.00	\$0.00	\$19,500.00
Q000: DRLG TOOLS & EQPT RNTAL W/WO OPR	\$232,500.00	\$355,000.00	\$0.00	\$11,550.00
R000: BITS & MILLS	\$70,000.00	\$0.00	\$0.00	\$0.00
S000: SPECIAL SERVICES	\$114,500.00	\$210,000.00	\$0.00	\$17,100.00
T000: MISCELLANEOUS	\$295,000.00	\$107,000.00	\$0.00	\$260,000.00
U000: PERFORATING & SLICKLINE SERVICES	\$0.00	\$236,000.00	\$0.00	\$8,500.00
V000: ENG & CONSTRUCTION(E&C), CONSLT, R&D	\$0.00	\$0.00	\$0.00	\$0.00
W000: GENERAL FEES	\$42,500.00	\$0.00	\$0.00	\$0.00
X000: CONOCOPHILLIPS LABOR & OVERHEAD	\$4,500.00	\$22,000.00	\$0.00	\$53,000.00
Y000: TOTALS, CONTINGENCY & MISCELLANEOUS	\$81,000.00	\$0.00	\$0.00	\$0.00
Grand Total	\$4,063,090.31	\$3,669,500.00	\$0.00	\$2,160,628.00

Project Tangibles:	1,435,000.00	10,000.00	0.00	1,680,990.00
Project Intangibles:	2,628,090.31	3,659,500.00	0.00	479,638.00
Project Totals:	4,063,090.31	3,669,500.00	0.00	2,160,628.00

Total Tangibles (\$)	3,125,990.00
Total Intangibles (\$)	6,767,228.31
Grand Total (\$)	9,893,218.31

Approved By: _____ Date: _____

Last Edited By: mckenzb
 Last Edited Date: Nov 07, 2022

Approved By: _____
 Approved Date: _____

Name/Address	Proposal Mailed	Delivered	30th day	Election	Communication
<p>Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024 (601H & 701H)</p>				<p>Pool then drop if signed OA received</p>	<p>Email correspondance with Patricia Schoenberger and Samuel Cox. Confirmed their WI/NRI in both wells projects. Received request for electronic copies of Deerstalker JOA's and provided latest drafts (1/5/2023)</p>
<p>Chief Capital (O&G) II LLC 8111 Westchester Rd., Suite 900 Dallas, TX 75225 (701H)</p>				<p>Pool then drop if signed OA received</p>	<p>Plans to sign JOA (1/13/2023). Sent latest JOA draft 1/30/2023). No communication from Chief since</p>
<p>MRC Permian Company 5400 Lyndon B Johnson Fwy, Ste 1500 Dallas, TX 75240 (701H)</p>				<p>Pool</p>	<p>Since only memo of OGL is recorded, title examiner is unclear as to what ownership MRC has. Requested lease from David Johns at MRC to ascertain exact title (12/19). Have followed up >30 times. Apparently MRC and lessor Chisos are in legal battle and cannot speak to title ownership. Proposed well to both parties</p>
<p>Chisos Minerals, LLC P.O. Box 470788 Ft. Worth, TX 76147 (701H)</p>				<p>pool</p>	<p>Since only memo of OGL is recorded, title examiner is unclear as to what ownership MRC/Chisos has. Requested lease from Troy Galloway at Chisos to ascertain exact title (1/24). Have followed up >10 times. Apparently MRC and lessor Chisos are in legal battle and cannot speak to title ownership. Proposed well to both parties</p>
<p>COG Operating LLC 600 W Illinois Ave Midland, TX 79701 (601H & 701H)</p>				<p>Yes to all and signed the OA</p>	
<p>COG Acreage LP 600 W Illinois Ave Midland, TX 79701 (601H & 701H)</p>				<p>Yes to all and signed the OA</p>	
<p>RSP Permian, L.L.C. 600 W Illinois Ave Midland, TX 79701 (601H & 701H)</p>				<p>Yes to all and signed the OA</p>	
<p>BEXP I OG, LLC (601H & 701H)</p>				<p>Yes to all and signed the OA</p>	

COG Operating LLC
Case No. 23391
Exhibit A-6

Name/Address	Ratification Mailed	Delivered	30th day	Signed (Y/N)
Nilo Operating Company P.O. Box 4262 Houston, TX 77210	Y			N

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

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

CASE NO. 23391

SELF-AFFIRMED STATEMENT
OF DESERAE JENNINGS

1. I am a geologist 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”) by affidavit, and my credentials as an expert in geology 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 unit (“Unit”). The approximate wellbore path for the proposed **Deerstalker Federal Com #601H** well is represented by a purple dashed line. Existing producing wells in the targeted interval are represented by solid purple lines.

4. **Exhibit B-2** is a subsea structure map for the Wolfbone Pool that is representative of the targeted interval; the contours are of the Wolfcamp top in SSTVD. The approximate wellbore path of the well is depicted by a dashed purple line. The map demonstrates the formation is gently dipping to the west in this area. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

5. **Exhibit B-3** is a cross section map that identifies three wells penetrating the targeted intervals used to construct a structural cross-section from A to A’. I used these well logs

COG Operating LLC
Case No. 23391
Exhibit B

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 zone for the well is labeled on the exhibit. This cross-section demonstrates the target intervals are continuous across the Unit.

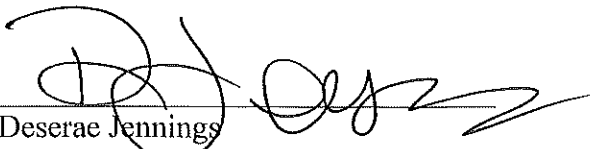
7. In my opinion, a standup orientation for the well is appropriate to properly develop the subject acreage because of consistent rock properties throughout the Unit and the lack of preferred fracture orientation in this portion of the trend.

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


9. 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.

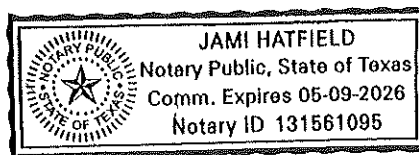
10. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.

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

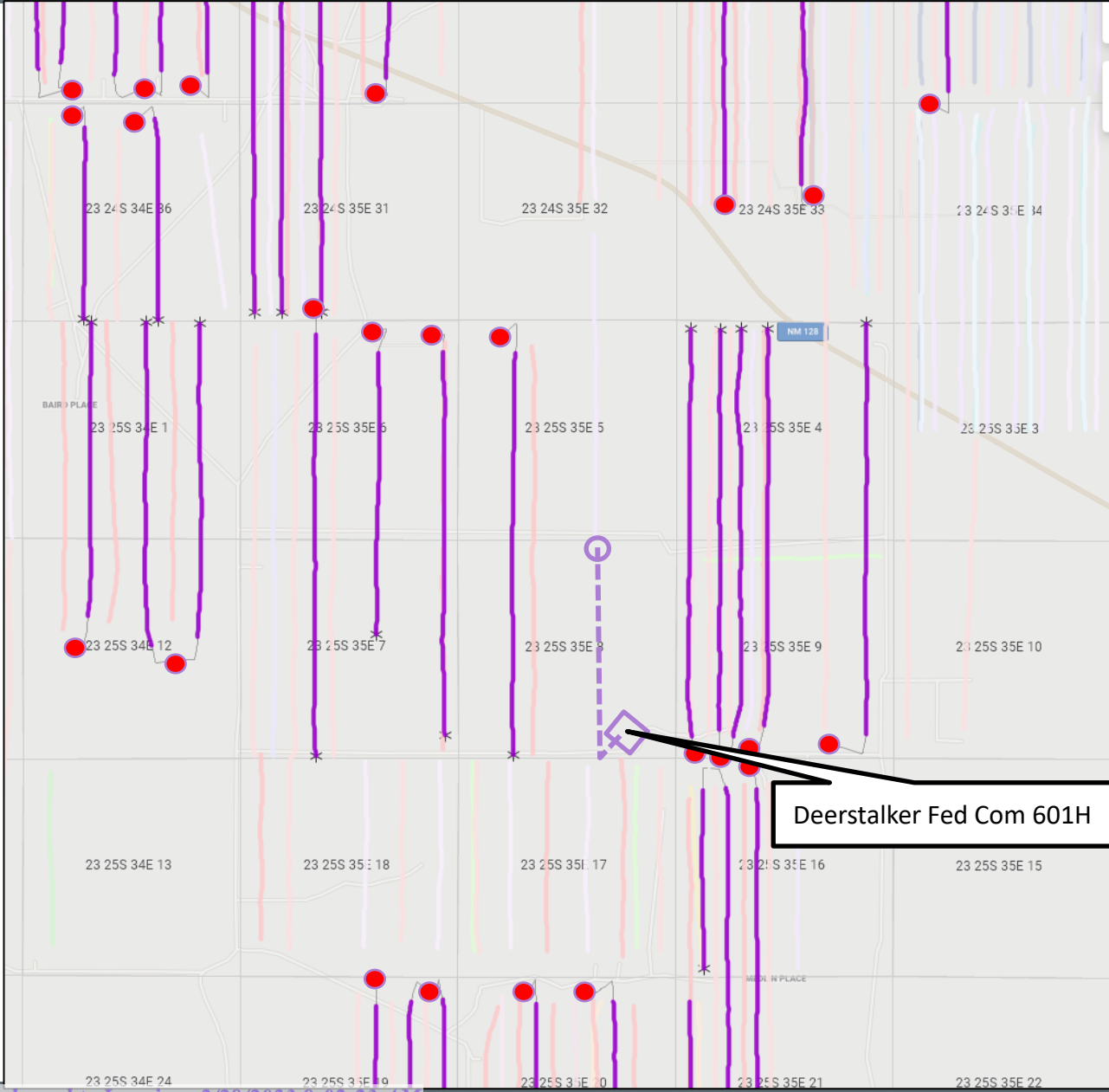

Deserae Jennings

2/23/23
Date


Jami Hatfield
2-23-2023



Deerstalker Fed Com 601H



Map Legend

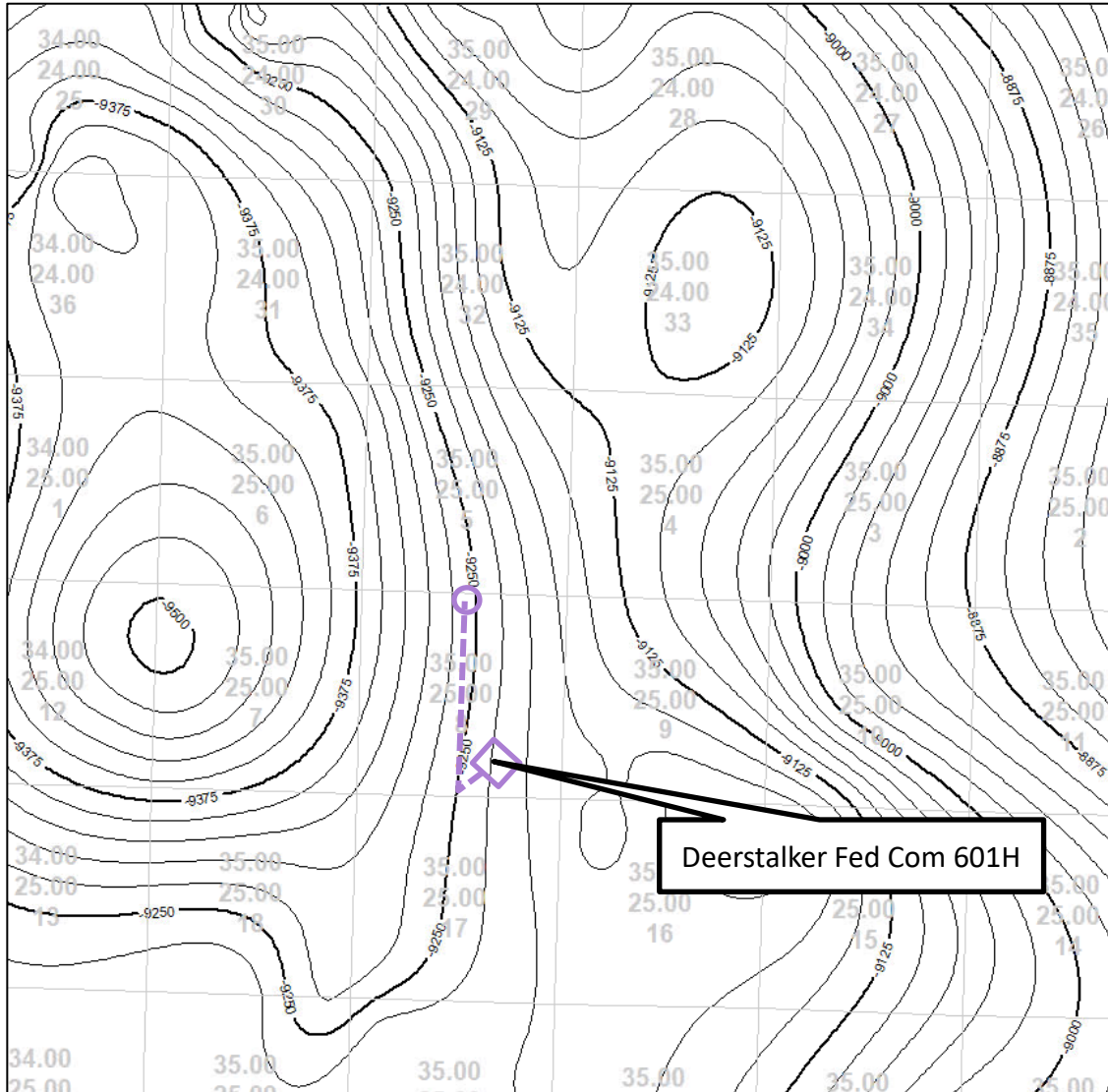
- SHL □ COG – 3rd Bone Spring Horizontal Location
- BHL ○
- Producing 3rd Bone Spring Wells

1 mi







*Township/Range/Section noted in black within each section

COG Operating LLC
Case No. 23391
Exhibit B-1

Deerstalker Fed Com 601H



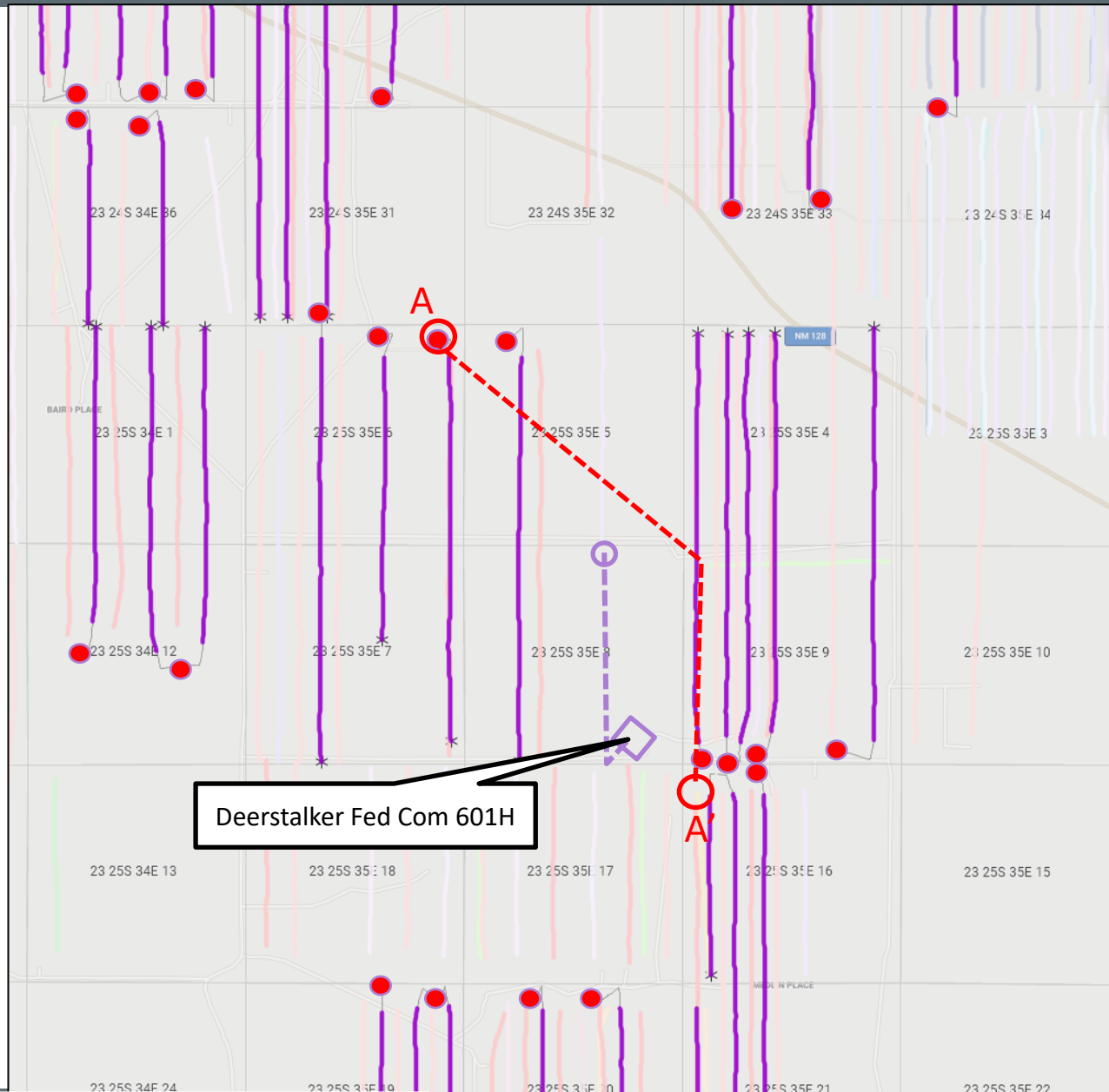
Map Legend

-  **SHL**  **BHL**
-  **COG – 3rd Bone Spring Horizontal Location**
-  **WFMP A Structure**
CI: 25'
-  **1 mi**
- 

**Township/Range/Section noted in gray within each section*

COG Operating LLC
Case No. 23391
Exhibit B-2

Deerstalker Fed Com 601H



Map Legend

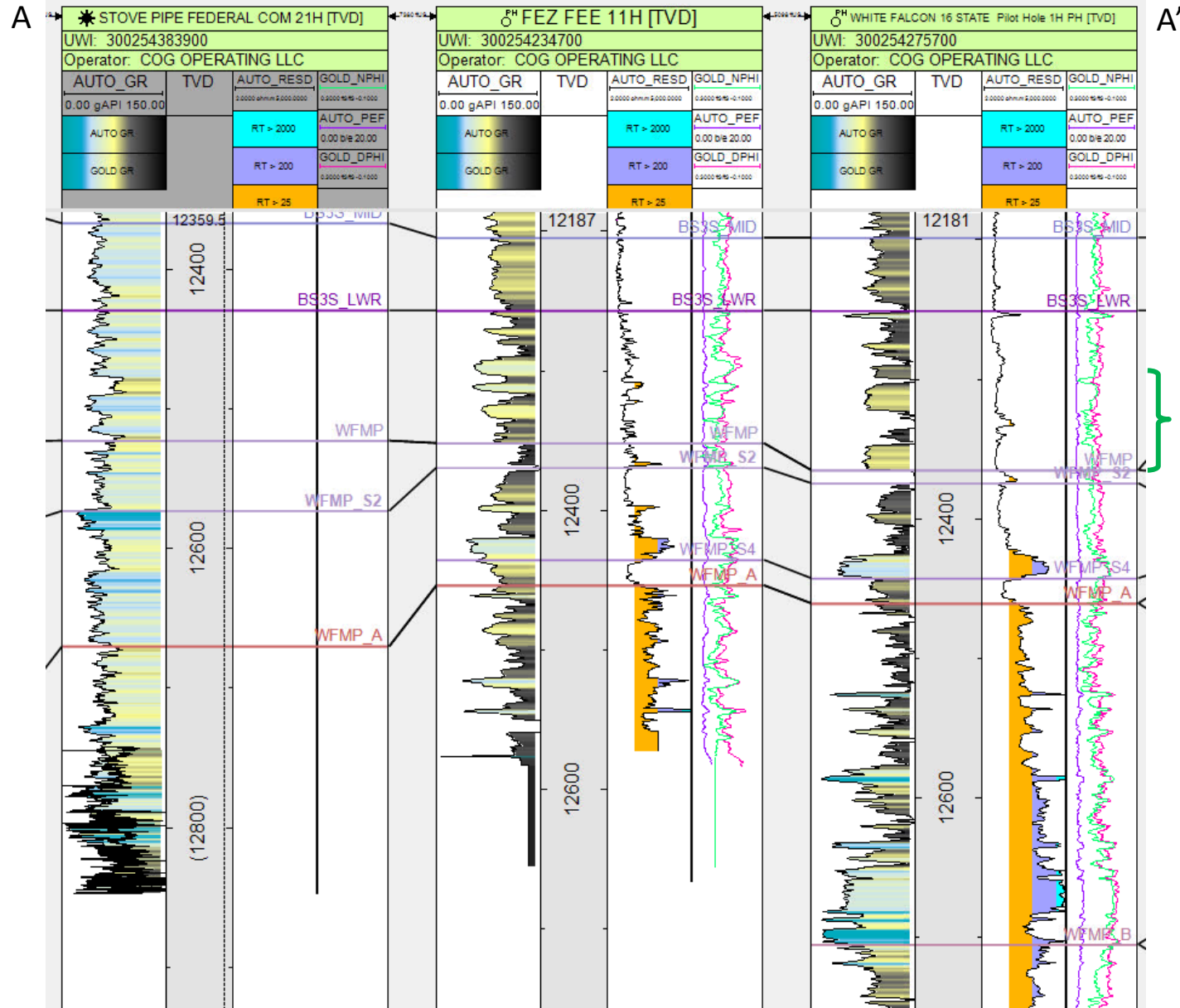
- SHL
- COG – 3rd Bone Spring Horizontal Location
- BHL
- Producing 3rd Bone Spring Wells
- Cross Section Location

1 mi

*Township/Range/Section noted in black within each section

COG Operating LLC
Case No. 23391
Exhibit B-3

Deerstalker Fed Com 601H



Lower Third Bone Spring Target Zone

COG Operating LLC
Case No. 23391
Exhibit B-4

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

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 23391

**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 C-1** and caused the Notice Letter, along with the Application in this case, to be sent to the parties set out in the chart attached as **Exhibit C-2**.

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

4. 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.

5. On February 8, 2023, 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**.

6. 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

February 26, 2022
Date

**COG Operating LLC
Case No. 23391
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

February 3, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case No. 23391 – Application 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 application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **March 2, 2023**, beginning at 8:15a.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.nm.gov/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 contact Sean P. Miller, CPL, Senior Land Negotiator for COG Operating LLC, by phone at (432) 818-2371 if you have any questions regarding this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

COG Operating LLC
Case No. 23391
Exhibit C -1

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. 23391

NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024	02/03/23	02/13/23
Nilo Operating Company P. O. Box 4262 Houston, TX 77210	02/03/23	Latest USPS Update (Last Checked 02/24/23) 02/23/23 – Item in transit to the destination.

**COG Operating LLC
Case No. 23391
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

ENM 8750

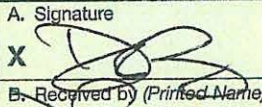

Postmark Here
FEB 13 2023

USDS

7022 1670 0002 1181 5340

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 Street and Apt. No., P.O. Box, or Rural Route No. _____ City, State, ZIP+4® _____	Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024 23391 - COG Deerstalker

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 <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee 
1. Article Addressed to: Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024 23391 - COG Deerstalker	B. Received by (Printed Name) D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No <div style="text-align: center; font-size: 2em; font-weight: bold; color: green;">RECEIVED</div> <div style="text-align: center; font-size: 1.5em; font-weight: bold; color: red;">FEB 13 2023</div>
2. Article Number (Transfer from service label) 7022 1670 0002 1181 5340	3. Service Type <input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)
9590 9402 7543 2098 9459 87 	<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery

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

COG Operating LLC
Case No. 23391
Exhibit C -3

7020 0090 0000 0865 7042

U.S. Postal Service CERTIFIED MAIL® RECEIPT Domestic Mail Only	
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 Nilo Operating Company Street and A ₁ P. O. Box 4262 Houston, TX 77210 23391 - COG Deerstalker City, State, Z	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

USPS Tracking®

FAQs >

Tracking Number:

Remove X

70200090000008657042

Copy

Add to Informed Delivery (<https://informedelivery.usps.com/>)

Latest Update

Your item departed our USPS facility in NORTH HOUSTON TX DISTRIBUTION CENTER on February 23, 2023 at 2:55 pm. The item is currently in transit to the destination.

Get More Out of USPS Tracking:

USPS Tracking Plus®

Feedback

Moving Through Network

Departed USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER
February 23, 2023, 2:55 pm

Arrived at USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER
February 23, 2023, 8:57 am

In Transit to Next Facility

February 22, 2023

Departed USPS Facility

ALBUQUERQUE, NM 87101
February 21, 2023, 9:37 am

Arrived at USPS Facility

ALBUQUERQUE, NM 87101
February 19, 2023, 1:45 pm

Departed USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER
February 13, 2023, 8:36 am

Delivered to Agent for Final Delivery

HOUSTON, TX 77210
February 8, 2023, 12:39 pm

Available for Pickup

HOUSTON, TX 77002
February 7, 2023, 11:33 am

Arrived at Post Office

HOUSTON, TX 77202
February 7, 2023, 10:49 am

Arrived at USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER
February 5, 2023, 11:31 am

Departed USPS Facility

ALBUQUERQUE, NM 87101
February 3, 2023, 9:36 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101
February 3, 2023, 9:04 pm

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Text & Email Updates



USPS Tracking Plus®



Product Information



See Less ^

Track Another Package

Enter tracking or barcode numbers

Need More Help?

Contact USPS Tracking support for further assistance.

[FAQs](#)

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
February 08, 2023
and ending with the issue dated
February 08, 2023.



Publisher

Sworn and subscribed to before me this
8th day of February 2023.



Business Manager

My commission expires

January 28, 2027

STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

LEGAL NOTICE
February 8, 2023

This is to notify all interested parties, including Marathon Oil Permian, LLC, Nilo Operating Company, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by COG Operating LLC (Case No. 23391). The hearing will be conducted remotely on March 2, 2023, 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/oed/hearing-info/>. Applicant seeks an order pooling all uncommitted interests in the WC-023 G-09 S243532M pool, underlying a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the W/2 E/2 of Section 8, Township 25 South, Range 35 East, Lea County, New Mexico. Applicant seeks to dedicate the Unit to the Deerstalker Federal Com #601H well ("Well"), to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 8 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 8. Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, 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 11 miles west of Jal, New Mexico.
#00275577

02107475

00275577

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

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

COG Operating LLC
Case No. 23391
Exhibit C -4