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

APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING AND APPROVAL OF NON-STANDARD SPACING UNIT, LEA COUNTY, NEW MEXICO

CASE NO. 23333

NOTICE OF SUPPLEMENTAL EXHIBITS

In accordance with the Division's request at the March 2, 2023, hearing in this matter, COG Operating LLC ("COG") is providing the Supplemental Self-Affirmed Statement of Sean Miller (Exhibit D), which provides additional information regarding COG's request for approval of a non-standard spacing unit and regarding the applicable pool name and code.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn McLean

Yarithza Peña

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Counsel for COG Operating LLC

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

APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING AND APPROVAL OF NON-STANDARD SPACING UNIT, LEA COUNTY, NEW MEXICO

CASE NO. 23333

SUPPLEMENTAL SELF-AFFIRMED STATEMENT OF SEAN P. MILLER

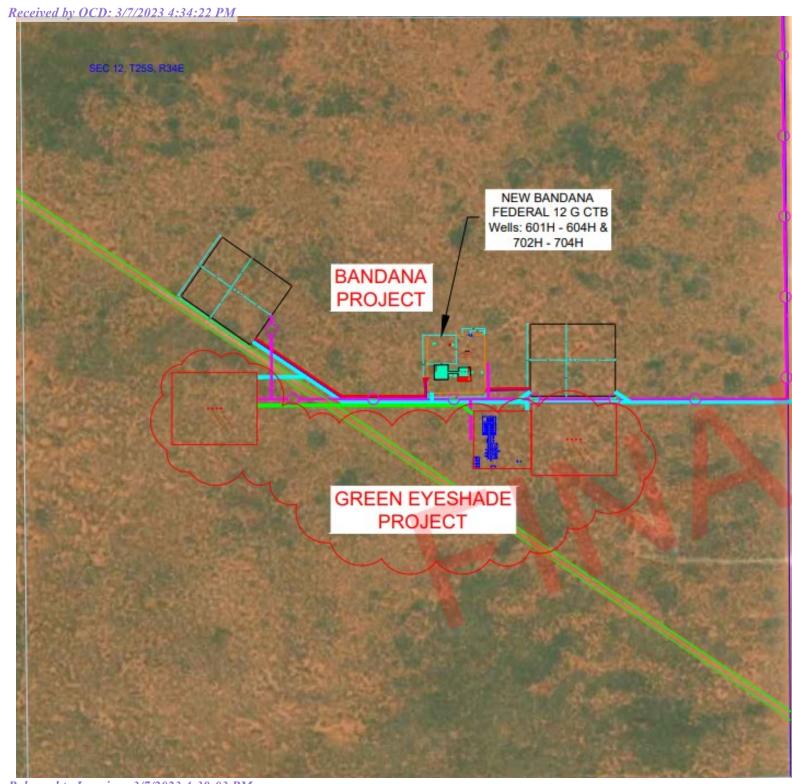
- 1. I am a Senior Land Negotiator for COG Operating LLC ("COG"). I previously submitted a self-affirmed statement in this matter.
- 2. At the March 2, 2023, hearing, the Division requested that COG provide additional information regarding its request for approval of a non-standard spacing unit.
- 3. COG seeks approval of a non-standard spacing unit to obtain flexibility regarding the placement of surface facilities and the ability to consolidate those facilities to the greatest extent possible. Attached as **Exhibit D-1** is a map that shows the location of the to-be constructed surface facilities for the Bandana Fed Com wells, which are outlined in blue or black. As the map demonstrates, one central tank battery will be placed between the two drilling pads and will be utilized for all of the wells. Without approval of a non-standard spacing unit, COG would be required to utilize multiple tank batteries or seek commingling approval, which may or may not be granted. The ability to consolidate surface facilities reduces surface, environmental, and economic waste.
- 4. Approval of a non-standard spacing unit also affords COG the flexibility to optimally locate its proposed wells. COG has determined that the most optimal spacing between wells results in the wells being located within 330' of the internal quarter-quarter section lines. Thus, applying for separate standard spacing units would require COG to seek approval of

COG Operating LLC Case No. 23333 Exhibit D unorthodox well locations, which may or may not be approved. Approval of a non-standard spacing unit is necessary to ensure COG is able to optimally locate its wells and, as a result, to prevent waste and protect correlative rights.

- 5. COG's proposed non-standard spacing unit is also consistent with the Commission's decision in Order No. R-22167 and the Division's decision in Order No. R-22316.
- 6. I also want to clarify that the Bone Spring wells that are the subject of this application will be completed in the Fairview Mills; Bone Spring Pool (Code 96340). This information is included in the updated Compulsory Pooling Checklist, which is attached as **Exhibit D-2**, as well as the updated C-102s, which are attached as **Exhibit D-3**.
- 7. I understand this Self-Affirmed Statement will be used as written testimony in these 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, CPL

3/1/2023 Date



COG Operating LLC Case No. 23333 Exhibit D-1

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ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23333	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 and Approval of Non-Standard Spacing Unit, Lea County, New Mexico
Entries of Appearance/Intervenors:	None
Well Family	Bandana
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Base of the Avalon interval of the Bone Spring Formation to the base of the Bone Spring Formation
Pool Name and Pool Code:	Fairview Mills; Bone Spring Pool (Code 96340)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	960 acres
Building Blocks:	quarter-quarter
Orientation:	North/South
Description: TRS/County	S/2 of Section 12 and all of Section 13, Township 25 South, Range 34 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	No. Approval of Non-Standard Spacing Unit requested in this application.
Other Situations	
Depth Severance: Y/N. If yes, description	Yes. COG seeks to pool interests from the base of the Avalon interval of the Bone Spring formation at a stratigraphic equivalent of approximately 10,625' to the base of the Bone Spring formation at a stratigraphic equivalent of approximately 12,671' as shown on the Jamaica 12 Federal 1 well log (API # 30-025-33451).
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	Bandana Fed Com 601H (API #) SHL: 2380' FNL & 1475' FEL (Unit G), Section 12, T25S, R34E BHL: 50' FSL & 1000' FEL (Unit P), Section 13, T25S, R34E Completion Target: Bone Spring (Approx. 12,682' TVD)

COG Operating LLC Case No. 23333 Exhibit D-2

WRLEE-lived by OCD: 3/7/2023 4:34:22 PM	Bandana Fed Com 602H (API #) SHL: 2380' FNL & 1535' FEL (Unit G), Section 12, T25S, R34E BHL: 50' FSL & 2320' FEL (Unit O), Section 13, T25S, R34E Completion Target: Bone Spring (Approx. 12,654' TVD)
Well #3	Bandana Fed Com 603H (API #) SHL: 1896' FNL & 1493' FWL (Unit F), Section 12, T25S, R34E BHL: 50' FSL & 1640' FWL (Unit N), Section 13, T25S, R34E Completion Target: Bone Spring (Approx. 12,631' TVD)
Well #4	Bandana Fed Com 604H (API #) SHL: 1861' FNL & 1445' FWL (Unit F), Section 12, T25S, R34E BHL: 50' FSL & 330' FWL (Unit M), Section 13, T25S, R34E Completion Target: Bone Spring (Approx. 12,588' 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%
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) If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	Exhibit A-4 Exhibit A-6
Pooled Parties (including ownership type)	Exhibit A-4
Unlocatable Parties to be Pooled Ownership Depth Severance (including percentage above & below)	N/A Exhibit A-4
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-7
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

TaRgeeived havi OCD: 3/7/2023 4:34:22 PM	Exhibit B Page 2	of I
HSU Cross Section	Exhibit B-3	
Depth Severance Discussion	Exhibit A	
Forms, Figures and Tables		
C-102	Exhibit A-3	
Tracts	Exhibit A-4	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-5	
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 provide	ded 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:	3/07/2023	3

COG Operating LL@age 8 of 11 Case No. 23333 Exhibit D-3

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

State of New Mexico Energy, Minerals & Natural Resources Department CONSERVATION DIVISION

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

DISTRICT II 811 S. FIRST ST., ARTESIA, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 District Office

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

□ AMENDED REPORT

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

	WELL LOCATION AND	ACREAGE DEDICATION PLAT					
API Number	Pool Code	Pool Name					
	96340	96340 Fairview Mills; Bone					
Property Code	Prop	erty Name	Well Number				
	BANDANA	601H					
OGRID No.	0per	ator Name	Elevation				
229137	COG OPE	3380.7'					

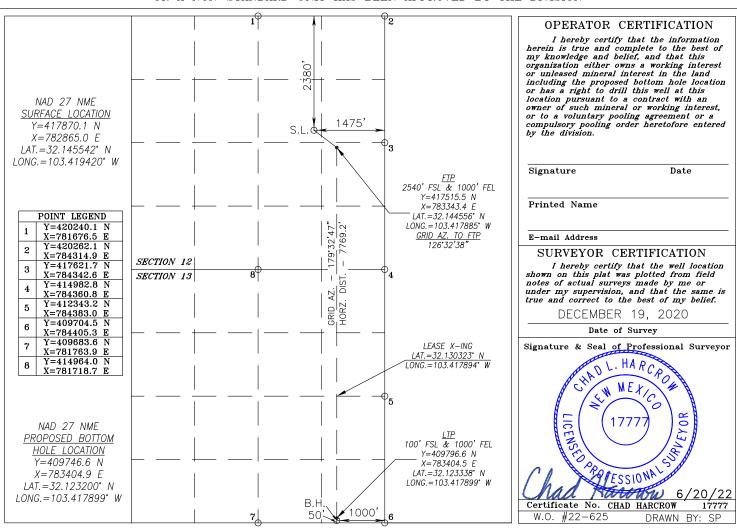
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	12	25-S	34-E		2380	NORTH	1475	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
P	13	25-S	34-E		50	SOUTH	1000	EAST	LEA
Dedicated Acre	s Joint o	r Infill (onsolidation	Code Or	der No.			•	
960									

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



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1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION

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 \square AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	ame			
	96340	Fairview Mills; Bone Spring Pool				
Property Code	Pr	operty Name	Well Number			
	BANDANA	602H				
OGRID No.	Op	erator Name	Elevation			
229137	COG OP	COG OPERATING, LLC				

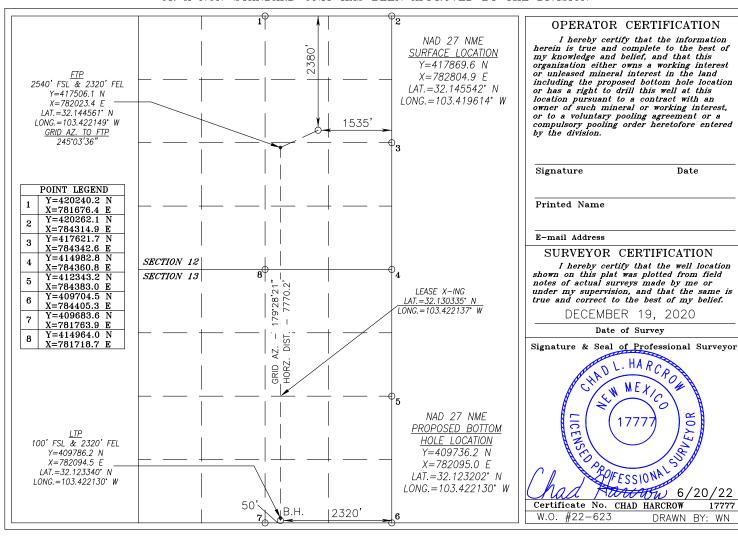
Surface Location

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	12	25-S	34-E		2380	NORTH	1535	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
0	13	25-5	34-E		50	SOUTH	2320	EAST	LEA
Dedicated Acre	s Joint o	r Infill	Consolidation (Code Or	der No.				
960									

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	WELL LOCATION AND	ACREAGE DEDICATION PLAT						
API Number	Pool Code	Pool Name						
	96340	Fairview Mills; Bone Spring Pool						
Property Code	Pro	perty Name	Well Number					
	BANDANA	BANDANA FEDERAL COM						
OGRID No.	Ope	rator Name	Elevation					
229137	COG OPE	CRATING, LLC	3395.6'					

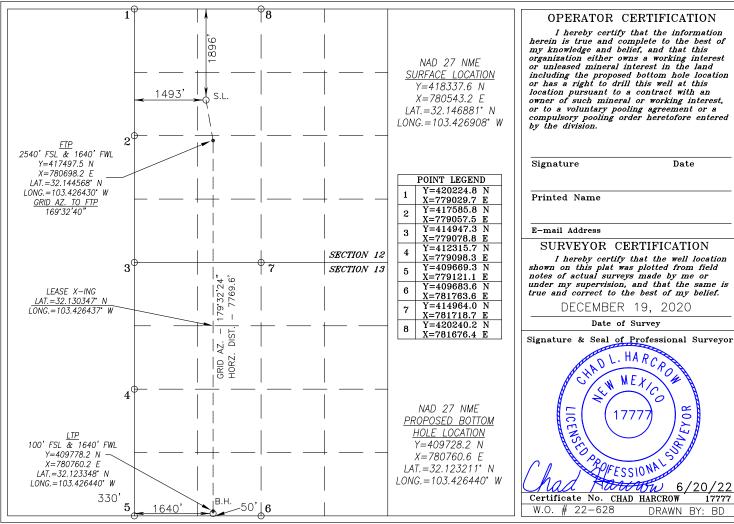
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	25-S	34-E		1896	NORTH	1493	WEST	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
N	13	25-5	34-E		50	SOUTH	1640	WEST	LEA
Dedicated Acre	s Joint o	r Infill	Consolidation	Code Or	der No.			•	
960									

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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. I hereby certify that the information

Date

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.

DECEMBER 19, 2020

CHAD L. HARCRO MEX/C 0 R

39/FESSIONA

Certificate No. CHAD HARCROW 17777 DRAWN BY: BD

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API Number

Property Code

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□ AMENDED REPORT

WELL LOCATION AND	ACREAGE DEDICATION PLAT					
Pool Code	Pool Name					
96340	Fairview Mills; Bone Spring Pool					
Prop	Well Number					
BANDANA	604H					

OGRID No. Operator Name Elevation COG OPERATING, LLC 3394.6 229137

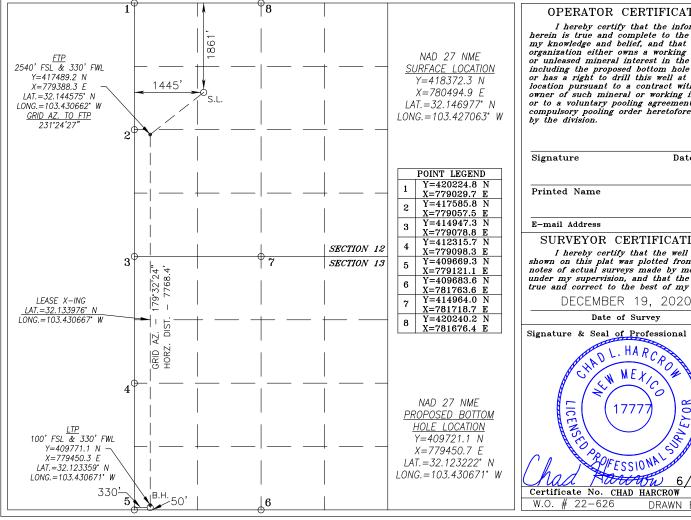
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	25-S	34-E		1861	NORTH	1445	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Townshi	ip	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	13	25-	S	34-E		50	SOUTH	330	WEST	LEA
Dedicated Acres	Joint o	r Infill	Cor	nsolidation (Code Or	der No.				
960										

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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. I hereby certify that the information

Date

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.

Signature & Seal of Professional Surveyor CHAD L. HARCRO MEXIC

Certificate No. CHAD HARCROW 17777 DRAWN BY: AH