

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



March 14, 2018

OFF-LEASE MEASUREMENT

Administrative Order OLM-138
Application Reference No. pMAM1805229001

COG PRODUCTION, LLC
Attention: Ms. Bobbie Goodloe

COG Production, LLC (OGRID 217955) is hereby authorized to transport and measure oil production off-lease, from the following well which produce from the Bone Spring formation, the WC-025 G-06S253206M; Bone Spring Pool (pool code 97899) in Lea County, New Mexico:

Redhead 31 Fee Well No. 1H (API No. 30-025-40390), Lot 1/ Unit D, Section 31, Township 24 South, Range 32 East.

The oil and gas production from this well shall be measured at, and sold from, Redhead 31 Federal Well No. 1H Central Tank Battery (CTB) located in Lot 1/ Unit D, Section 31, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, except when the CTB is over capacity, CTB is in repair, or the pipeline is in repair.

In any of these scenarios, the oil shall be transported to either the Red Hills Offload Station (Red Hills CTB) located in Unit O, Section 4, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico, or the Jal Offload Station (Jal CTB) located in Unit D, Section 4, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

All meters for the above-referenced wells shall be physically separated from facilities for other wells, so that production from the above-referenced wells will not be commingled prior to measurement with production from any other well.

Production from the subject wells shall be determined as follows:

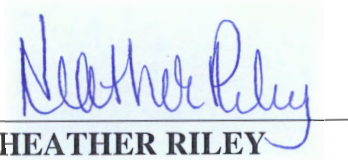
Oil shall remain segregated and measured by a LACT meter at the Red Hills CTB or the Jal CTB when it is utilized.

This permit does not authorize the surface commingling of this oil production with oil production from other pools or leases.

OLM-138
COG Production, LLC
March 14, 2018
Page 2 of 2

It is also understood that you have given due notice of this application to all working interest owners who are "affected persons," as defined in Division Rule 19.15.23.9 (A) NMAC.

The operator shall notify the Hobbs District Office of the Division before commencement of Off-Lease Measurement.



HEATHER RILEY

Director

HR/mam

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management - Carlsbad

| | | | |
|-------------------------------|------------------------|---------------------|-----------------------------|
| RECEIVED: <u>2/21/2018</u> | REVIEWER: <u>MA</u> | TYPE: <u>OLM</u> | APP NO: <u>D MAM 180</u> |
|-------------------------------|------------------------|---------------------|-----------------------------|

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

| | |
|--|------------------------------------|
| Applicant: <u>COG Production, LLC</u> | OGRID Number: <u>217955</u> |
| Well Name: <u>Redhead 31 Federal #1H</u> | API: <u>30-025-40390</u> |
| Pool: <u>Wildcat G-06 S253206M; Bone Spring</u> | Pool Code: <u>97899</u> |

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

FEB 21 2018 AM 08:01

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location - Spacing Unit - Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PERORATION UNIT) SD

OLM - 138

- B. Check one only for [I] or [II]
 [I] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

| FOR OCD ONLY | |
|--------------------------|------------------------------|
| <input type="checkbox"/> | Notice Complete |
| <input type="checkbox"/> | Application Content Complete |

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Bobbie Goodloe

2-21-18
Date

Print or Type Name

575-748-6952
Phone Number

Bobbie Goodloe
Signature

bgoodloe@concho.com
e-mail Address



February 21, 2018

Attn: Michael McMillan
NM Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval
Off-lease Measurement – Oil Only

Dear Mr. McMillan,

COG Operating, LLC, respectfully requests approval for Off-lease Measurement for oil only for the following well:

Redhead 31 Federal #1H
API #30-025-40390
Wildcat G-06 S253206M; Bone Spring
SHL 330' FNL 990' FWL, Sec 31-T24S-R32E
Lea County

The oil production from this well may be transported by truck to either the Red Hills Offload Station, located in Unit O, Section 4-T26S-R32E, or the Jal Offload Station, located in Unit D, Section 4-T26S-R37E, Lea County in the event the CTB on lease is over capacity or in the case of battery or pipeline repairs. Oil will remain segregated and will be measured by lact meter when offloading at the Offload Stations. Notices have been sent to all interest owners as required.

Also, please see the attached Administrative Application Checklist, plats for referenced well, proof of notice to interest owners, diagrams of site facility, and map with lease boundaries showing wells and facility as well as copies of FMP sundries to BLM.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Bobbie Goodloe", written over a horizontal line.

Bobbie Goodloe
Regulatory Analyst

Enclosures

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P432.683.7443 | F432.683.7441

ARTESIA WEST OFFICE

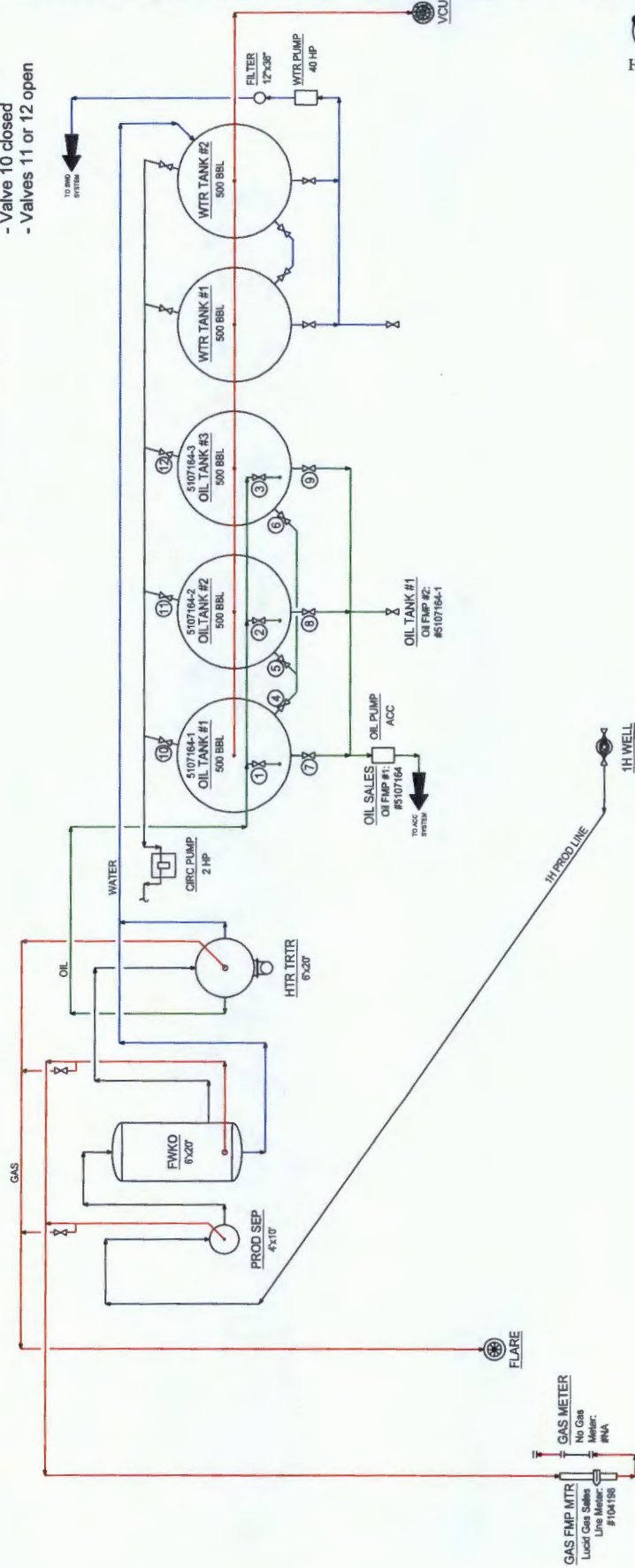
2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P575.748.6940 | F575.746.2096

REDHEAD 31 FEDERAL 1H BATTERY
 NWNW SECTION 31, T24S, R32E, UNIT D
 LEA COUNTY, NM

WELLS:
 REDHEAD 31 FEDERAL #001H: 30-025-40390

Production Phase - Oil Tank #1
 - Valve 1 open
 - Valves 2 and 3 closed
 - Valves 4, 5, and 6 open
 - Valves 7, 8, and 9 closed
 - Valve 10 open
 - Valves 11 and 12 closed

Sales Phase - Oil Tank #1
 - Valve 1 closed
 - Valves 2 or 3 open
 - Valve 4 closed
 - Valves 5 and 6 open
 - Valve 7 open
 - Valves 8 and 9 closed
 - Valve 10 closed
 - Valves 11 or 12 open



NOTES:
 Ledger for Site Diagram
 Produced Fluid:
 Produced Oil:
 Produced Gas:
 Produced Water:

Type of Lease: Federal
 Federal Lease SHL #: NNMNM 120908
 Property Code: 38997
 OGRID #: 217955

CONFIDENTIALITY NOTICE
 THIS DRAWING IS THE PROPERTY OF CONCHO OPERATING LLC AND IS NOT TO BE REPRODUCED OR COPIED IN ANY MANNER WITHOUT THE WRITTEN PERMISSION OF CONCHO OPERATING LLC. ANY REPRODUCTION OR COPIING OF THIS DRAWING WITHOUT THE WRITTEN PERMISSION OF CONCHO OPERATING LLC IS STRICTLY PROHIBITED.

| NO. | REFERENCE DRAWING TITLE | DATE | DESCRIPTION | BY | CHKD | APP |
|-----|------------------------------------|----------|------------------------------------|-----|------|-----|
| A | ISSUE FOR SITE PERMITTING | 06/30/17 | ISSUE FOR SITE PERMITTING | CHS | CHS | APP |
| B | UPDATED FOR REDHEAD 31 FED 1H BTRY | 07/11/17 | UPDATED FOR REDHEAD 31 FED 1H BTRY | CHS | CHS | APP |



| NO. | DATE | DESCRIPTION | BY | CHKD | APP |
|-----|----------|------------------------------------|-----|------|-----|
| A | 06/30/17 | ISSUE FOR SITE PERMITTING | CHS | CHS | APP |
| B | 07/11/17 | UPDATED FOR REDHEAD 31 FED 1H BTRY | CHS | CHS | APP |

CONCHO
 NORTHERN DELAWARE BASIN ASSET
 REDHEAD 31 FEDERAL 1H BATTERY
 LEA COUNTY, NM
 U.S. COUNTY: LEA COUNTY, NM
 U.S. STATE: NM
 U.S. ZIP: 87001
 U.S. PHONE: 505-223-1000
 U.S. FAX: 505-223-1001



Redhead 31 Federal #1H

Legend

-  Redhead 31 Federal #1H - Lucid Gas Meter #104198
-  Redhead 31 Federal #1H - SHL

 Redhead 31 Federal #1H - Lucid Gas Meter #104198

 Redhead 31 Federal #1H - SHL



Redhead 31 Federal #1H

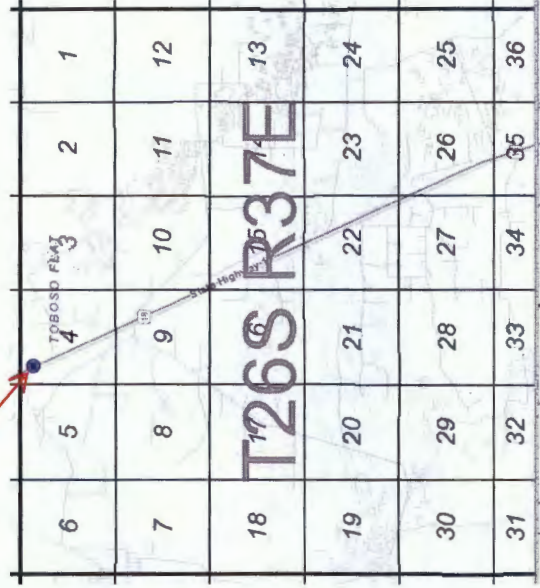
&

Red Hills and Jal Offload Station Map

Red Hills Offload Station
Lea County, NM

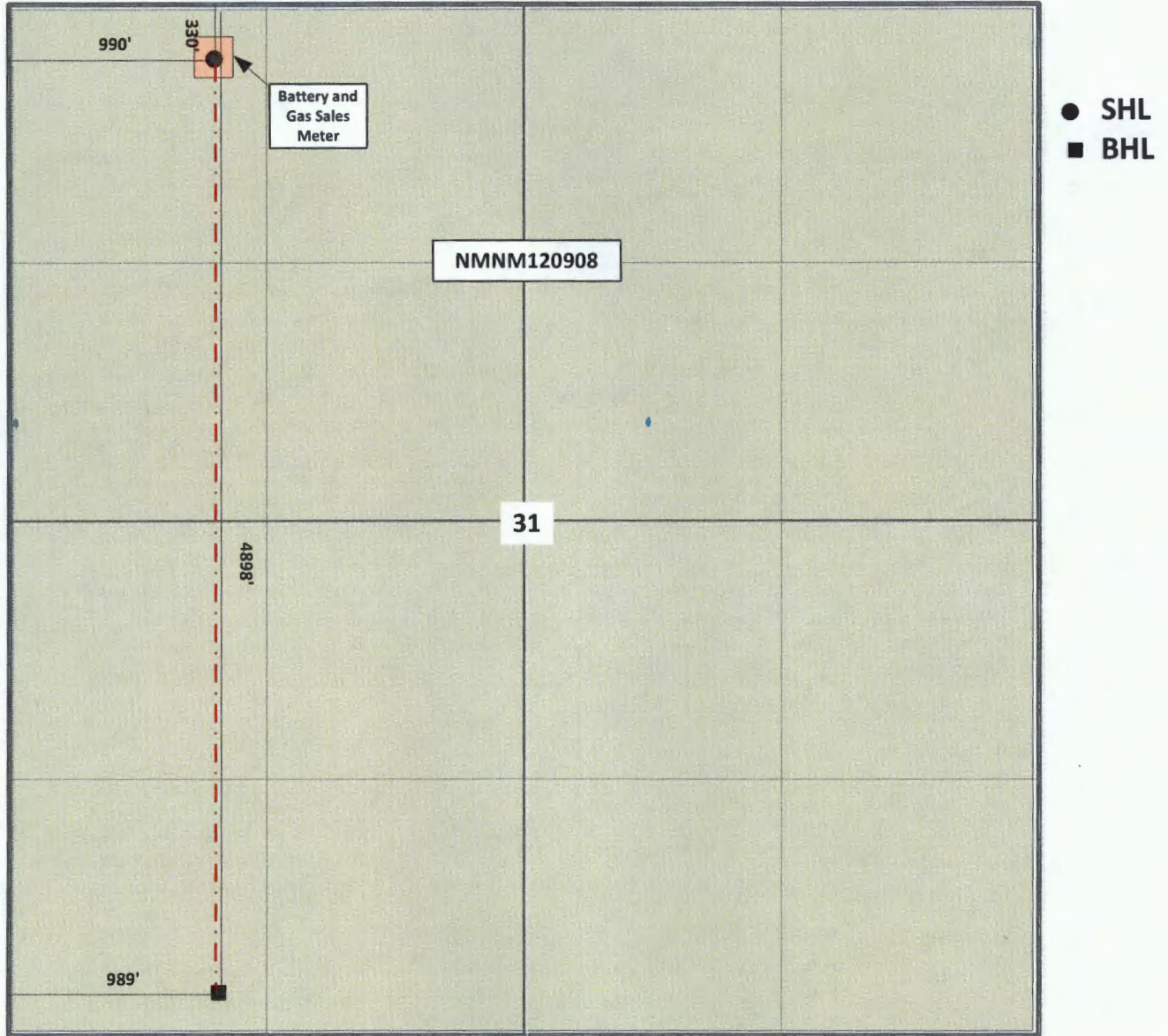


Jal Offload Station
Lea County, NM



Redhead 31 Federal #1H
Lea County, NM

Redhead 31 Federal #1H



T24S-R32E

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM120908

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
REDHEAD 31 FEDERAL 1H

2. Name of Operator
COG PRODUCTION LLC
Contact: BOBBIE J GOODLOE
E-Mail: bgoodloe@concho.com

9. API Well No.
30-025-40390

3a. Address
ONE CONCHO CENTER 600 W ILLINOIS AVE
MIDLAND, TX 79701

3b. Phone No. (include area code)
Ph: 575-748-6952

10. Field and Pool or Exploratory Area
WILDCAT G-06 S253206M; BS

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 31 T24S R32E Mer NMP SWSW 330FSL 990FWL

11. County or Parish, State
LEA COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

COG Operating LLC respectfully requests to designate meter #5107164 (TANK #1) as the official facility measurement point (FMP) for oil produced from this well. (Please see attached site facility diagram.) We also request tank #5107164-1 (TANK #2) as the back-up FMP. Measurement will be in compliance with all federal requirements and regulations

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #405077 verified by the BLM Well Information System For COG PRODUCTION LLC, sent to the Hobbs

Name (Printed/Typed) BOBBIE J GOODLOE Title REGULATORY ANALYST

Signature (Electronic Submission) Date 02/20/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM120908

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on page 2

8. Well Name and No.
REDHEAD 31 FEDERAL 1H

9. API Well No.
30-025-40390

10. Field and Pool or Exploratory Area
WILDCAT G-06 S253206M; BS

11. County or Parish, State
LEA COUNTY, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
COG PRODUCTION LLC
Contact: BOBBIE J GOODLOE
E-Mail: bgoodloe@concho.com

3a. Address
ONE CONCHO CENTER 600 W ILLINOIS AVE
MIDLAND, TX 79701

3b. Phone No. (include area code)
Ph: 575-748-6952

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 31 T24S R32E Mer NMP SWSW 330FSL 990FWL

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

COG Production LLC respectfully requests to designate Meter # 104198 as the official facility measurement point (FMP) for gas produced from this well. (Please see attached site facility diagram.) Meter meets API and AGA standards and will measure and be calibrated in compliance with all federal requirements and regulations.

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #405084 verified by the BLM Well Information System For COG PRODUCTION LLC, sent to the Hobbs

| | |
|---------------------------------------|--------------------------|
| Name (Printed/Typed) BOBBIE J GOODLOE | Title REGULATORY ANALYST |
| Signature (Electronic Submission) | Date 02/20/2018 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|-------------|--------------|
| Approved By _____ | Title _____ | Date _____ |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | | Office _____ |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Redhead 31 Federal #1H - 30-025-40390
Application for Off-lease Measurement - Oil-Red Hills & Jal Offload
 Notification List

| Date Sent | Initials | Sent Certified Return Receipt to: | Receipt No. | Rec'd |
|------------------|-----------------|--|--------------------------|--------------|
| 2/21/2018 | bjg | Bureau of Land Management | 7017-3040-0000-2539-9255 | |
| 2/21/2018 | bjg | Malaga Royalty, LLC | 7017-3040-0000-2539-9262 | |

Mailed 2/21/2018

Bobbie Goodloe