State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

Ken McQueen Cabinet Secretary Heather Riley, Division Director Oil Conservation Division



Matthias Sayer Deputy Cabinet Secretary

April 9, 2018

Debora L. Wilbourn COG Operating, LLC dwilbourn@concho.com

NON-STANDARD LOCATION

Administrative Order NSL-7676

COG Operating, LLC. [OGRID 229137] Fascinator Federal Com Well No. 703H API No. 30-025-PENDING

Proposed Location

| | Footages | Unit/Lot | Sec. | Twsp | Range | County |
|-------------------|----------------------|----------|------|------|-------|--------|
| Surface | 210' FNL & 1510' FWL | C | 30 | 24S | 35E | Lea |
| Penetration Point | 330' FNL & 1510' FWL | C | 30 | 24S | 35E | Lea |
| Final perforation | 330' FSL & 1510' FWL | N | 31 | 24S | 35E | Lea |
| Terminus | 200` FSL & 1510` FWL | N | 31 | 24S | 35E | Lea |

Proposed Project Area

| Description | Acres | Pool | Pool Code |
|-----------------------|-------|-------------------|-----------|
| E/2 W/2 of Section 30 | 320 | Wildcat; Wolfbone | 98098 |
| E/2 W/2 of Section 31 | | | |

Reference is made to your application received on February 28, 2018.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Subsection A of 19.15.15.9 NMAC governs this pool and provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 380 feet to the northwestern edge, 190 feet to the western edge of both penetration points and 380 feet to the southwestern edge of the project area. Encroachments will impact the following tracts:

Section 19, T24S R35E encroachment to the SW/4 SW/4

Section 30, T24S R35E encroachment to the W/2 W/2

Section 31, T24S R35E encroachment to the W/2 W/2

Section 6, T25S R35E encroachment to the NW/4 NW/4

OCD understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all adjoining units towards which the proposed location encroaches.

OCD understands you seek this location as a preferred well spacing to maximize recovery of reserves from the Wolfbone formation underlying the E/2 W/2 of Section 30 and Section 31.

Your application has been filed under 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Pursuant to Subsection B of 19.15.15.13 NMAC, OCD approves the above-described unorthodox location.

The above approvals are subject to your following all other applicable OCD rules.

Jurisdiction of this case is retained for the entry of further orders as OCD deems necessary.

HEATHER RILEY

Director

HR/lrl

cc: Oil Conservation Division – Hobbs District Office Bureau of Land Management – Carlsbad Field Office State Land Office – Oil, Gas, and Minerals Division