

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



January 24, 2018

OFF-LEASE MEASUREMENT

Administrative Order OLM-128
Application Reference No. pMAM1800345963

COG OPERATING, LLC
Attention: Ms. Bobbie Goodloe

COG OPERATING, LLC (OGRID 229137) is hereby authorized to transport and measure oil production off-lease, from the following well which produces from the Bone Spring formation – the Red Hills; Upper Bone Spring Shale Pool (Pool code: 97900) in Lea County, New Mexico:

Battle Axe Federal Com Well No. 2H (API No. 30-025-41370), Unit E, Section 2, Township 26 South, Range 33 East.

The project area for this horizontal well includes the W/2 W/2 of Section 35, Township 25 South, Range 33 East, and the W/2 NW/4 of Section 2, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico.

The oil and gas production from this well shall be measured at, and sold from, Battle Axe Federal Com Well No. 2H Central Tank Battery (CTB) located in Unit E, Section 2, Township 26 South, Range 33 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 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.

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

Production from the subject well shall be determined as follows:

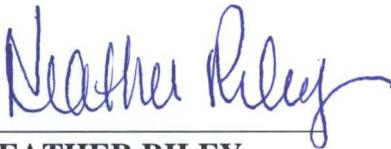
Oil shall remain segregated and measured by a LACT meter at the Red Hills CTB when it is utilized.

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

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.

This administrative application is subject to like approval from the Bureau of Land Management.

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
Bureau of Land Management - Carlsbad