

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



November 26, 2018

Mr. Bill Carr, Esquire
COG Operating LLC
1048 Paseo de Peralta
Santa Fe, NM 87501

RE: Cancellation of Authority - Administrative Order CA-12931

Authority: Administrative Order SWD-1677 pursuant to Rule 19.15.26.8(E) NMAC
Ronco Federal SWD Well No. 1 API 30-015-44420
Unit C, Sec 19, T17S, R30E, NMPM, Eddy County, New Mexico
Injection interval: Cisco and Canyon formations; 8630 feet to 9650 feet

Mr. Carr:

Reference is made to your e-mail correspondence on behalf of COG Operating LLC (OGRID 370604; "COG") received by the Division on February 15, 2018, for the above named well. COG reported that upon completion of the salt water disposal well that testing of the injection interval provided significant occurrence of hydrocarbons which required additional assessment. Since the initial discovery, COG has produced in excess of 3,000 barrels of oil with gas. It is the opinion of the mineral estate owner, the Bureau of Land Management, that the hydrocarbon occurrence is economical and would support the cancellation of the administrative order.

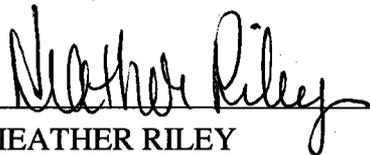
The Division refers to Section 70-2-12(B)(4) of the Oil and Gas Act, NMSA 1978, that the Division is "*to prevent the drowning by water of any stratum or part thereof capable of producing oil or gas or both oil and gas in paying quantities and to prevent the premature and irregular encroachment of water or any other kind of water encroachment that reduces or tends to reduce the total ultimate recovery of crude petroleum oil or gas or both oil and gas from any pool.*" Therefore, based upon the current status of the referenced well, the injection authority issued to COG under Administrative Order SWD-1677 is cancelled.

COG may make application for reconsideration of the original permitted interval of the administrative order at a future date, but only if the economic potential of any remaining hydrocarbon resources can be established.

Cancellation of Administrative Order
COG Operating LLC
November 26, 2018
Page 2 of 2

Please contact Mr. Phillip Goetze (phillip.goetze@state.nm.us) with any questions regarding the content of this correspondence.

Sincerely,



HEATHER RILEY
Director

HR/prg

cc: Oil Conservation Division – Artesia Office
Administrative Order SWD-1677
Well File API 30-015-44420

Goetze, Phillip, EMNRD

From: Bill Carr <WCarr@concho.com>
Sent: Wednesday, November 28, 2018 11:12 AM
To: Goetze, Phillip, EMNRD
Cc: Mark Carter; Jackie Chatterton; Ryan Murphy
Subject: [EXT] Ronco Federal #1 Well (API No. 30-015-44420), Unit C, Sec. 19, T17S, R30E, Eddy County, New Mexico.

Phil:

This email summarizes and supplements our discussion of November 16th concerning the current status of the Ronco Federal #1 Well. As I reported, COG Operating LLC and ConocoPhillips Company have reached a verbal agreement for the production of this well. COG has prepared a draft Wellbore Assignment and Agreement which was provided to ConocoPhillips in mid-October. We are waiting on comments from ConocoPhillips and anticipate receiving their redline of the draft agreement in the next few weeks.

Pending execution of this agreement, the well is shut in. A copy of the Sundry Notice which shows BLM's approval of the extension of the shut in period until mid-January 2019 was provided to you on November 16th. I will let you know as soon as the agreement between COG and ConocoPhillips is signed. If you have questions concerning this matter, please advise.

Bill

NOTICE: The information in this email may be confidential and/or privileged. If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this email and its attachments, if any, or the information contained herein, is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Further, any contract terms proposed or purportedly accepted in this email are not binding and are subject to management's final approval as memorialized in a separate written instrument, excluding electronic correspondence, executed by an authorized representative of COG Operating LLC or its affiliates.

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.
NMLC028793A

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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. RONCO FEDERAL 1
2. Name of Operator COG OPERATING LLC Contact: ROBYN RUSSELL E-Mail: russell@concho.com		9. API Well No. 30-015-44420-00-S1
3a. Address 600 W ILLINOIS AVENUE MIDLAND, TX 79701	3b. Phone No. (include area code) Ph: 432-685-4385	10. Field and Pool or Exploratory Area FREN
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 19 T17S R30E NENW 600FNL 1650FWL 32.825634 N Lat, 104.014297 W Lon		11. County or Parish, State EDDY 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 ShutIn Notice
	<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 a 90 day extension for the shut in status of this well scheduled to expire 10/25/18. COG and ConocoPhillips have reached a verbal agreement for production of this well. Both parties are in the process of finalizing the written agreement. Also, the battery for this well will require a minimum of 45 days to construct. Construction is scheduled to begin as soon as the written agreement has been finalized.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #440832 verified by the BLM Well Information System
For COG OPERATING LLC, sent to the Carlsbad
Committed to AFMSS for processing by PRISCILLA PEREZ on 10/24/2018 (19PP0209SE)**

Name (Printed/Typed) ROBYN RUSSELL	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 10/23/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>MUSTAFA HAQUE</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>10/24/201</u>
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 <u>Carlsbad</u>

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.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Revisions to Operator-Submitted EC Data for Sundry Notice #440832

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	SHUTIN NOI	SHUTIN NOI
Lease:	NMLC028793A	NMLC028793A
Agreement:		
Operator:	COG OPERATING LLC 600 W. ILLINOIS AVE MIDLAND, TX 79701 Ph: 432-683-7443	COG OPERATING LLC 600 W ILLINOIS AVENUE MIDLAND, TX 79701 Ph: 432.685.4385
Admin Contact:	ROBYN RUSSELL REGULATORY ANALYST E-Mail: rrussell@concho.com Ph: 432-685-4385	ROBYN RUSSELL REGULATORY ANALYST E-Mail: rrussell@concho.com Ph: 432-685-4385
Tech Contact:	ROBYN RUSSELL REGULATORY ANALYST E-Mail: rrussell@concho.com Ph: 432-685-4385	ROBYN RUSSELL REGULATORY ANALYST E-Mail: rrussell@concho.com Ph: 432-685-4385
Location:		
State:	NM	NM
County:	EDDY	EDDY
Field/Pool:	CISCO-CANYON	FREN
Well/Facility:	RONCO FEDERAL 1 Sec 19 T17S R30E NENW 660FNL 1650FWL	RONCO FEDERAL 1 Sec 19 T17S R30E NENW 600FNL 1650FWL 32.825634 N Lat, 104.014297 W Lon