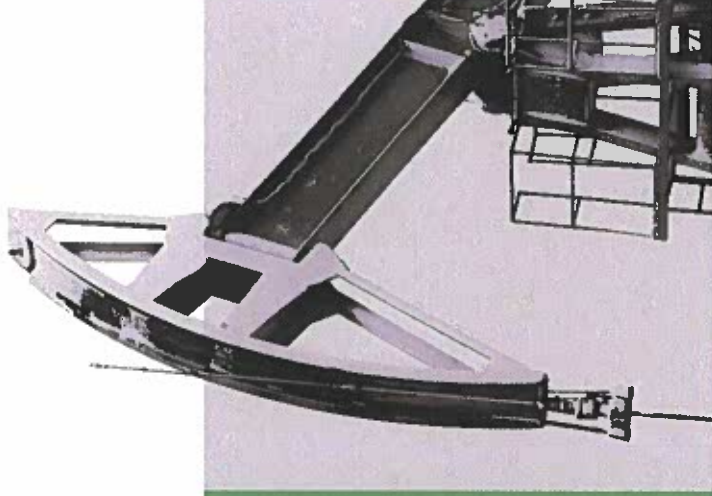


COG OPERATING LLC
Sebastian Federal Com #703H Well
Lea County, New Mexico



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

**APPLICATION OF COG OPERATING LLC
TO POOL ADDITIONAL INTEREST
OWNERS UNDER ORDER NO. R-21073-A,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 21457
ORDER NO. R-21073-A**

TABLE OF CONTENTS

- Application to Pool Additional Interest Owners
- COG Exhibit 1 – Landman Affidavit
- COG Exhibit 2 – Division Order R-21073
- COG Exhibit 3 – Division Order R-21073-A
- COG Exhibit 4 – Unleased Mineral Interest Owner Map
- COG Exhibit 5 – Lease Offer and Letter
- COG Exhibit 6 – Notice of Affidavit and Notice of Publication

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

**APPLICATION OF COG OPERATING LLC
TO POOL ADDITIONAL INTEREST
OWNERS UNDER ORDER NO. R-21073-A
LEA COUNTY, NEW MEXICO**

CASE NO. 21457
ORDER NO. R-21073-A (Re-Open)

APPLICATION

COG Operating LLC (“COG”) (OGRID No. 229137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) for the limited purpose of pooling an additional interest owner under the terms of Division Order No. R-21073-A. In support of its application, COG states:

1. The Division entered Order No. R-21073-A in Case No. 21310 on July 29, 2020, which conformed Order No. R-21073 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template).

2. The Division entered Order No. R-21073 in Case No. 20932 on December 12, 2019, which created a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2E/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico (“Unit”) and designated COG as the operator of the Unit.

3. Order No. R-21073 further pooled all uncommitted interests within the Upper Wolfcamp Pool (Pool Code: 98135) underlying the Unit and dedicated the Unit to the Sebastian Federal Com #703H well, which is horizontally drilled from a surface hole location in the NW4/NE4

(Unit B) of Section 18 to a bottom hole location in the SE4/SE4 (Unit P) of Section 18, Township 24 South, Range 34 East.

4. Since the entry of Order No. R-21073-A, COG has identified an additional mineral interest owner in the Unit that has not been pooled under the terms of Order No. R-21073.

5. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, COG requests that Order No. R-21073-A be opened for the limited purpose of pooling the additional mineral interest owner in the Unit pursuant to the terms of Order No. R-21073-A.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 8, 2020, and, after notice and hearing as required by law, the Division pool the additional interest owner pursuant to the terms of Order No. R-21073-A.

Respectfully submitted,

COG OPERATING LLC

/s/ Michael Rodriguez

Ocean Munds-Dry
Michael Rodriguez
COG Operating LLC
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
(505) 780-8000
oceanmundsdry@concho.com
mrodriguez@concho.com

ATTORNEYS FOR COG OPERATING LLC

CASE _____:

Application of COG Operating LLC to pool additional interest owners under Order No. R-21073-A, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division for the limited purpose of pooling an additional interest owner under the terms of Division Order No. R-21073-A. The Division entered Order No. R-21073-A in Case No. 21310 on July 29, 2020, which conformed Order No. R-21073 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template). The Division entered Order No. R-21073 in Case No. 20932 on December 12, 2019, which created a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2E/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico ("Unit") and designated COG as the operator of the Unit. Order No. R-21073 further pooled all uncommitted interests within the Upper Wolfcamp Pool (Pool Code: 98135) underlying the Unit and dedicated the Unit to the Sebastian Federal Com #703H well, which is horizontally drilled from a surface hole location in the NW4/NE4 (Unit B) of Section 18 to a bottom hole location in the SE4/SE4 (Unit P) of Section 18, Township 24 South, Range 34 East.

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

**APPLICATION OF COG OPERATING LLC
TO POOL ADDITIONAL INTEREST
OWNERS UNDER ORDER NO. R-21073-A
LEA COUNTY, NEW MEXICO**

**CASE NO. 21457
ORDER NO. R-21073-A**

LANDMAN AFFIDAVIT

Matthew Solomon, of lawful age and being first duly sworn, declares as follows:

1. My name is Matthew Solomon, and I am a Landman with COG Operating LLC ("COG").

1. I have previously testified before the New Mexico Oil Conservation Division ("Division") as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

2. I am familiar with the application filed by COG in this case and familiar with the status of the lands in the subject area.

3. I do not anticipate any opposition to these consolidated cases or the presentation of these cases by affidavit.

4. The Division entered Order No. R-21073-A in Case No. 21310 on July 29, 2020, which conformed Order No. R-21073 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template).

5. The Division entered Order No. R-21073 in Case No. 20932 on December 12, 2019, which created a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2E/2

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21457 Exhibit No. 1
Submitted by:
COG OPERATING LLC
Hearing Date: October 6, 2020

of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico ("Unit") and designated COG as the operator of the Unit.

6. Order No. R-21073 further pooled all uncommitted interests within the Upper Wolfcamp Pool (Pool Code: 98135) underlying the Unit and dedicated the Unit to the Sebastian Federal Com #703H well, which is horizontally drilled from a surface hole location in the NW4/NE4 (Unit B) of Section 18 to a bottom hole location in the SE4/SE4 (Unit P) of Section 18, Township 24 South, Range 34 East.

7. **Exhibit 2** contains Division Order No. R-21073.

8. **Exhibit 3** contains Division Order No. R-21073-A.

9. Since the entry of Order No. R-21073-A, COG has identified an additional unleased mineral interest owner in the Unit that has not been pooled pursuant to the terms of Order No. R-21073.

10. **Exhibit 4** identifies the unleased mineral interest owner to be pooled under the terms of Order No. 21073 and the location of its interests COG seeks to pool within the subject tracts.

11. **Exhibit 5** contains a lease offer and letter to the unleased mineral interest owner advising it of COG's intent to include its' interests under the terms of Division Order No. R-21073.

12. I provided COG's legal counsel the name and address of the unleased mineral interest owner COG seeks to pool and instructed that they be notified of this hearing. Additionally, notice of this hearing was timely published in a newspaper of general circulation in Lea County, New Mexico.

13. COG requests this additional unleased mineral interest owner be pooled pursuant to the terms of Order No. R-21073.



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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
COG OPERATING LLC**

**CASE NO. 20932
ORDER NO. R-21073**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. COG Operating LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21457 Exhibit No. 2
Submitted by:
COG OPERATING LLC
Hearing Date: October 6, 2020

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.
20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and

abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.

35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/jag

Date: February 7, 2020



Exhibit A

Applicant: COG Operating,LLC
Operator: COG Operating LLC (OGRID 229137)

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter sections
Spacing Unit Size: 160 acres, more or less
Orientation of Unit: North to South

Spacing Unit Description: E/2 E/2 of Section 18, Township 24 South, Range 34 East in Lea County.

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: Upper Wolfcamp (98135).
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules apply.

Proximity Tracts: None Included

Monthly charge for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk, 200 percent of reasonable well costs.

Proposed Well:

Sebastian Federal Com 703H

SHL: 250 feet from the North line and 2195 feet from the East line,
(Unit B) of Section 18, Township 24 South, Range 34 East, NMPM, Lea County.
BHL: 50 feet from the South line and 990 feet from the East line,
(Unit P) of Section 18, Township 24 South, Range 34 East, NMPM, Lea County.

Completion Target: Wolfcamp at approximately 12,025 feet TVD.
Well Orientation: North to South.
Completion Location expected to be: standard.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
COG OPERATING, LLC**

**CASE NO. 21310
ORDER NO. R-21073-A**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on July 24, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

FINDINGS OF FACT

1. COG Operating, LLC ("Operator") applied to conform Order R-21073 ("Existing Order") issued in Case No. 20932 with the Division's recently amended order template ("Amended Template").
2. Operator is in good standing under state-wide rules and regulations with respect to the Existing Order.
3. Operator has reviewed and agrees to the terms and conditions in the ordering paragraphs of the Amended Template.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
8. This Order affirms the Findings of Fact and Conclusions of Law in the Existing Order and replaces the ordering paragraphs 15-35 in the Existing Order as stated below.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21457 Exhibit No. 3
Submitted by:
COG OPERATING LLC
Hearing Date: October 6, 2020

ORDER

9. The uncommitted interests in the Unit are pooled as set forth in Exhibit A as appended to the original order and incorporated by reference herein.
10. The Unit shall be dedicated to the Well(s) set forth in aforesaid Exhibit A.
11. Operator is designated as operator of the Unit and the Well(s).
12. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
13. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
14. This Order shall terminate automatically if Operator fails to comply with Paragraph 13 unless Operator obtains an extension by an amendment of this Order for good cause shown.
15. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
16. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
17. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
18. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written

objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

19. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
20. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
21. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
22. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
23. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
24. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
25. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

26. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
27. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
28. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
29. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 7/29/2020

EXHIBIT 4

Plat of area covering 320 acres in E/2 of Section 18, Township 24 South, Range 34 East,
N.M.P.M., Lea County, New Mexico

E/2 Sebastian Fed Com

Tract 1:
NMNM 123528



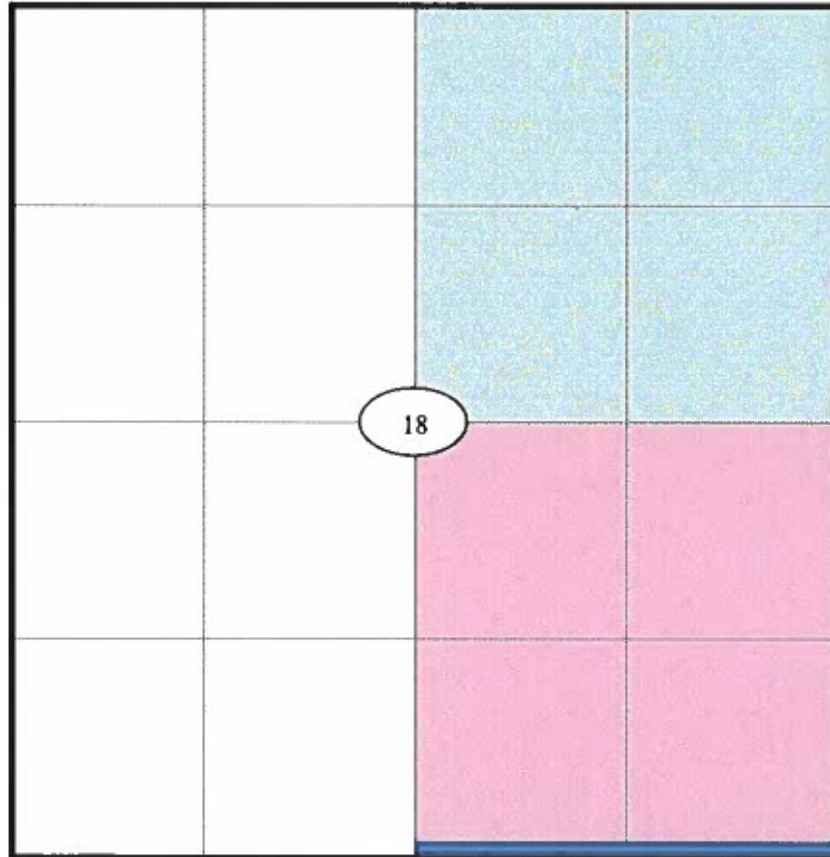
Tract 2:
Fee Leases



NMDOT
Interest



SWSE-1.502 ac.
SESE – 1.502 ac.



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 21457 Exhibit No. 4

Submitted by:

COG OPERATING LLC

Hearing Date: October 6, 2020



May 22, 2020

Via Certified Mail – Return Receipt Requested

State of New Mexico Dept of Transportation

Attn: John Lopez

P. O. Box 1149

Santa Fe, NM 87504

Re: Well Proposal – Sebastian Federal Com #703H & #704H

Sec 18: E/2 - T24S-R34E

Sec 19: E/2 - T24S-R34E

SHL: 250' FNL/ 2195' FEL, or a legal location in Sec 18 (Unit B)

BHL: 50' FSL/ 1650' FEL, or a legal location in Sec 24 (Unit O)

Lea County, New Mexico

Dear Sir/Madam:

COG is proposing to drill the captioned well. The details are as follows:

The **Sebastian Federal Com 703H** well has a surface hole location of 260' FNL and 2225' FEL of Section 18 and a bottom hole location of 50' FSL and 990' FEL of Section 19, 24S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,365' and a MD of approximately 22,500' to test the Wolfcamp Formation ("Operation"). The total cost of the Operation is estimated to be \$14,571,989.00, and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The **Sebastian Federal Com 704H** well has a surface hole location of 260' FNL and 2225' FEL of Section 18 and a bottom hole location of 50' FSL and 2310' FEL of Section 19, 24S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,365' and a MD of approximately 22,500' to test the Wolfcamp Formation ("Operation"). The total cost of the Operation is estimated to be \$14,571,989.00, and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement. The Operating Agreement covers Sec 18: E/2 - T24S-R34E and Sec 19: E/2 - T24S-R34E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience. If you do not wish to participate, COG would like to lease your minerals under the following general terms:

- Bonus of \$5,000 /Net Mineral Acre
- 4 Year Primary Term
- 20% Royalty Interest

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 21457 Exhibit No. 5

Submitted by:

COG OPERATING LLC

Hearing Date: October 6, 2020

The Lease offer is subject to the approval of COG's management and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please contact the undersigned at (432) 685-4352, or Msolomon@concho.com.

Respectfully,

A handwritten signature in dark ink, appearing to read 'MS', is positioned above the typed name.

Matt Solomon
Senior Landman

_____ I/We hereby elect to participate in the Sebastian Federal Com 703H

_____ I/We hereby elect to lease under the terms provided

_____ I/We hereby elect to participate in the Sebastian Federal Com 704H

_____ I/We hereby elect to lease under the terms provided

Company: New Mexico Dept of Transportation

By: _____

Name: _____

Title: _____

Date: _____

WELL NAME:	SEBASTIAN FED COM #703H	PROSPECT NAME:	Bulldog 2434 (717040)
SHL:	Sec 18: 260 FNL & 2225 FEL	STATE & COUNTY:	New Mexico, Lea
BHL:	Sec 19: 50 FSL & 990 FEL	OBJECTIVE:	Drill and Complete
FORMATION:	Wolfcamp	DEPTH:	22,500
LEGAL:	Sections 18 & 19, T24S-R34E	TVD:	12,369

TANGIBLE COSTS									
Surface Casing	401		47,000						47,000
Intermediate Casing	402		459,000						459,000
Production Casing/Liner	403		471,000						471,000
Tubing		504		52,000			530	10,000	62,000
Wellhead Equipment	405		75,000	505		22,000		531	3,000
Pumping Unit								506	98,000
Prime Mover								507	0
Rods								508	65,000
Pumps-Sub Surface (BH)		509						532	5,500
Tanks					510	63,583			63,583
Flowlines					511	33,333			33,333
Heater Treater/Separator					512	99,618			99,618
Electrical System					513	20,833	533	20,000	40,833
Packers/Anchors/Hangers	414	514	66,000				534	2,000	68,000
Couplings/Fittings/Valves	415				515	175,731			175,731
Dehydration					517				0
Injection Plant/CO2 Equipment					518				0
Pumps-Surface					521	10,000			10,000
Instrumentation/SCADA/POC					522	19,167	529	7,000	26,167
Miscellaneous	419	519			523	74,939	535	3,000	77,939
Contingency	420	520			524		536		0
Meters/LACT					525	35,500			35,500
Flares/Combustors/Emission					526	13,333			13,333
Gas Lift/Compression		527	50,000		516	66,667	528		116,667
TOTAL TANGIBLES			1,052,000			190,000		213,500	2,068,204
TOTAL WELL COSTS			6,262,700			6,881,000		245,000	14,571,989

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

WELL NAME:	SEBASTIAN FED COM #704H	PROSPECT NAME:	Bulldog 2434 (717040)
SHL:	Sec 18: 260 FNL & 2255 FEL	STATE & COUNTY:	New Mexico, Lea
BHL:	Sec 19: 50 FSL & 2310 FEL	OBJECTIVE:	Drill and Complete
FORMATION:	Wolfcamp	DEPTH:	22,600
LEGAL:	Sections 18 & 19, T24S-R34E	TVD:	12,365

INTANGIBLE COSTS

		Drilg - Rlg Release(D)	Completion(C)	Tank Btty Constrctn(TB)	Pmpg Equipment(PEQ)	TOTAL
Title/Curative/Permit	201	20,000				20,000
Insurance	202	2,500	302			2,500
Damages/Right of Way	203	20,000	303	351		20,000
Survey/Stake Location	204	7,000	57,000	352		64,000
Location/Pits/Road Expense	205	180,000	10,000	353	54,000	244,000
Drilling / Completion Overhead	206	15,000	15,000		366	30,000
Turnkey Contract	207	0	1,168,000			1,168,000
Footage Contract	208	0	422,000			422,000
Daywork Contract	209	1,277,000	719,000			1,996,000
Directional Drilling Services	210	538,000	336,000			874,000
Fuel & Power	211	228,000	68,000	354	367	296,000
Water	212	100,000	868,000		368	968,000
Bits	213	180,000			369	180,000
Mud & Chemicals	214	420,000			370	420,000
Drill Stem Test	215	0	550,000			550,000
Coring & Analysis	216	0				0
Cement Surface	217	27,900				27,900
Cement Intermediate	218	83,700				83,700
Cement 2nd Intermediate/Production	219	116,300				116,300
Cement Squeeze & Other (Kickoff Plug)	220	0			371	0
Float Equipment & Contrlzers	221	70,000				70,000
Casing Crews & Equipment	222	80,000				80,000
Fishing Tools & Service	223	0	323		372	0
Geologic/Engineering	224	16,800	324	355	373	16,800
Contract Labor	225	6,500	20,000	356	374	349,585
Company Supervision	226	90,000	15,000	357	375	105,000
Contract Supervision	227	212,000	295,000	358	376	512,000
Testing Casing/Tubing	228	40,000	5,000		377	45,000
Mud Logging Unit	229	71,000	68,000			139,000
Logging	230	0			378	0
Perforating/Wireline Services	231	10,000	404,000		379	414,000
Stimulation/Treating			332	0	380	0
Completion Unit			333	140,000	381	150,000
Swabbing Unit			334		382	0
Rentals-Surface	235	300,000	335	359	383	307,000
Rentals-Subsurface	236	175,000	336	30,000	384	205,000
Trucking/Forlift/Rtg Mobilization	237	265,000	337	20,000	385	288,000
Welding Services	238	6,000	338	5,000	361	11,000
Water Disposal	239		339	60,000	362	260,000
Plug to Abandon	240		340		387	0
Seismic Analysis	241		341			0
Miscellaneous	242		342		389	0
Contingency	243	103,000	343	200,000	363	303,000
Closed Loop & Environmental	244	550,000	344	0	384	550,000
Coil Tubing			346	486,000		486,000
Flowback Crews & Equip			347	750,000		750,000
Offset Directional/Frac	248		348			0
TOTAL INTANGIBLES		5,210,700	6,691,000	570,585	31,500	12,503,785

TANGIBLE COSTS

Surface Casing	401	47,000				47,000
Intermediate Casing	402	459,000				459,000
Production Casing/Liner	403	471,000				471,000
Tubing			504	52,000	530	62,000
Wellhead Equipment	405	75,000	505	22,000	531	100,000
Pumping Unit					506	98,000
Prime Mover					507	0
Rods					508	65,000
Pumps-Sub Surface (BH)			509		532	5,500
Tanks				510	63,583	63,583
Flowlines				511	33,333	33,333
Heater Treater/Separator				512	99,618	99,618
Electrical System				513	20,833	40,833
Packers/Anchors/Hangers	414		514	66,000	534	68,000
Couplings/Fittings/Valves	415			515	175,731	175,731
Dehydration				517		0
Injection Plant/CO2 Equipment				518		0
Pumps-Surface				521	10,000	10,000
Instrumentation/SCADA/POC				522	19,167	26,167
Miscellaneous	419		519		523	77,939
Contingency	420		520		524	0
Meters/LACT				525	35,500	35,500
Flares/Combusters/Emission				528	13,333	13,333
Gas Lift/Compression			527	50,000	516	116,667
TOTAL TANGIBLES		1,052,000	190,000	612,704	213,500	2,068,204
TOTAL WELL COSTS		6,262,700	6,881,000	1,183,289	245,000	14,571,989

COG Operating LLC

We approve:
_____% Working Interest

Company:
By: _____

Printed Name:
Title:
Date: _____

Date Prepared: 7/15/19

COG Operating LLC

BM

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

CONCHO RESOURCES
Laura Reyna
600 W Illinois Ave
Midland, TX 79701

USPS CERTIFIED MAIL



9414 8149 0246 9822 0855 81

STATE OF NEW MEXICO DEPT OF
TRANSPORTATION
JOHN LOPEZ
PO BOX 1149
SANTA FE, NM 87504

delivered 6/8/2020

Shipper Ref.
Reference 1:

SEBASTIAN FED COM 703H & 704H
WELL PROPOSAL

USPS Tracking Number: [9414814902469822085581](#)

☐ Automatically Open Carrier Tracking Page Link

Date	Time	Description	Location	Signed
06/08/2020	06:13	Delivered, PO Box	SANTA FE, NM 87501	
06/06/2020	10:59	Available for Pickup	SANTA FE, NM 87501	
06/06/2020	10:57	Arrived at Unit	SANTA FE, NM 87501	
06/05/2020	19:00	Departed USPS Facility	ALBUQUERQUE, NM 87101	
06/05/2020	13:16	Arrived at USPS Facility	ALBUQUERQUE, NM 87101	
06/05/2020	00:28	Departed USPS Regional Facility	MIDLAND TX DISTRIBUTION CENTER	
06/04/2020	21:13	Arrived at USPS Regional Facility	MIDLAND TX DISTRIBUTION CENTER	

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

**APPLICATION OF COG OPERATING LLC
TO POOL ADDITIONAL INTEREST OWNERS
UNDER ORDER NO. R-21073-A,
LEA COUNTY, NEW MEXICO.**

CASE NO. 21457

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Michael Rodriguez, attorney and authorized representative of COG Operating LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application were provided under the notice letter and proof of receipts attached hereto.



Michael Rodriguez

SUBSCRIBED AND SWORN to before me this 6th day of October 2020 by Michael Rodriguez.



OFFICIAL SEAL
LISAMARIE ORTIZ
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires 01/04/2023



Notary Public

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21457 Exhibit No. 6
Submitted by:
COG OPERATING LLC
Hearing Date: October 6, 2020

September 18, 2020

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**TO ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS****Re: Case No. 21457: Application of COG Operating LLC to pool additional interest owners under Order No. R-21073-A, Lea County, New Mexico.**

To whom it may concern:

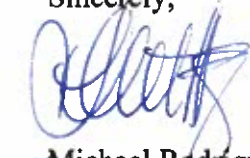
This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **October 8, 2020** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.135.4.13.B, parties appearing in a case are required to file a pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or electronically submitted to ocd.hearings@state.nm.us and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Matt Solomon at (432) 685-4352 or msolomon@concho.com.

Sincerely,


Michael Rodriguez
Attorney for COG Operating LLC**CORPORATE ADDRESS**

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701
P 432.683.7443 | F 432.683.7441

SANTA FE OFFICE


1048 Paseo De Peralta | Santa Fe, New Mexico 87501
P 505.780.8000 | F 505.428.0485

Affidavit of Publication


STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

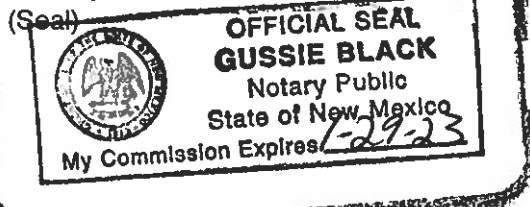
Beginning with the issue dated
September 24, 2020
and ending with the issue dated
September 24, 2020.


Publisher

Sworn and subscribed to before me this
24th day of September 2020.


Business Manager

My commission expires
January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
September 24, 2020

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **October 8, 2020**. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by June 2, 2020. Public documents, including the agenda and minutes, can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us/OCD/. Please contact Ms. Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All working interest owners, overriding royalty interest owners, unleased mineral interest owners, and pooled parties, including: New Mexico Department of Transportation.

Case 21457: Application of COG Operating LLC to pool additional interest owners under Order No. R-21073-A, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division for the limited purpose of pooling an additional interest owner under the terms of Division Order No. R-21073-A. The Division entered Order No. R-21073-A in Case No. 21310 on July 29, 2020, which conformed Order No. R-21073 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template). The Division entered Order No. R-21073 in Case No. 20932 on December 12, 2019, which created a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2E/2 of Section 18, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico ("Unit") and designated COG as the operator of the Unit. Order No. R-21073 further pooled all uncommitted interests within the Upper Wolfcamp Pool (Pool Code: 98135) underlying the Unit and dedicated the Unit to the Sebastian Federal Com #703H well, which is horizontally drilled from a surface hole location in the NW4/NE4 (Unit B) of Section 18 to a bottom hole location in the SE4/SE4 (Unit P) of Section 18, Township 24 South, Range 34 East. **#35839**

67115004

00246603

COG Operating LLC - SANTA FE
1048 PASEO DE PERALTA
SANTA FE, NM 87501

U.S. Postal ServiceTM
CERTIFIED MAIL[®] RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

OFFICIAL USE

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$



NM DOT Headquarters
 1120 Cerrillos Road
 Santa Fe, NM 87504-1149

PS Form 3800, April 2015 PSN 7530-02-000-9053-7 See Reverse for Instructions

CERTIFIED MAIL[®]

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD ON DOTTED LINE.

SENDER: COMPLETE THIS SECTION

☐ Complete items 1, 2, and 3.

☐ Print your name and address on the reverse so that we can return the card to you.

☐ Attach this card to the back of the mailpiece, or on the front if space permits.

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) [Name] C. Date of Delivery SEP 18 2015

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below:

3. Service Type

☐ Adult Signature ☐ Priority Mail Express[®]

☐ Adult Signature Restricted Delivery ☐ Registered Mail[™]

☐ Certified Mail[®] ☐ Registered Mail Restricted Delivery

☐ Certified Mail Restricted Delivery ☐ Return Receipt for Merchandise

☐ Collect on Delivery ☐ Signature Confirmation[™]

☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation Restricted Delivery

☐ Collect on Delivery Restricted Delivery

Article Number (Transfer from service label)

7020 0640 0000 0143 0221

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt