

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS

Carlsbad Field Office
OGD Artesia

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

| | | |
|--|---|--|
| SUBMIT IN TRIPLICATE - Other instructions on reverse side. | | 7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached |
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 8. Well Name and No. Multiple--See Attached |
| 2. Name of Operator COG OPERATING LLC | Contact: MAYTE X REYES E-Mail: mreyes1@concho.com | 9. API Well No. Multiple--See Attached |
| 3a. Address 600 W ILLINOIS AVENUE MIDLAND, TX 79701 | 3b. Phone No. (include area code) Ph: 575.748.6945 | 10. Field and Pool, or Exploratory Multiple--See Attached |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached | | 11. County or Parish, and State EDDY COUNTY, NM |

12. CHECK 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"/> Fracture Treat | <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 Surface Commingling |
| | <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 recomple 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall 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 approval to Surface Pool/Lease Commingle and Off Lease Sales Gas only the following wells:

Primero Federal #1H
SHL: 850? FNL & 847? FWL
Section 23. T26S. R24E.
Washington Ranch; Morrow South (G) [96854]
API 30-015-30503
Federal Lease No. NNMN100316

Yellowstone 3 Federal #3
SHL: 1980? FSL & 660? FWL

NM OIL CONSERVATION
ARTESIA DISTRICT

JUL 29 2010

RECEIVED

| | |
|---|--------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #344959 verified by the BLM Well Information System For COG OPERATING LLC, sent to the Carlsbad Committed to AFMSS for processing by PRISCILLA PEREZ on 07/19/2016 (16PP1735SE) | |
| Name (Printed/Typed) MAYTE X REYES | Title REGULATORY ANALYST |
| Signature (Electronic Submission) | Date 07/18/2016 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|-----------------------------|------------------------|
| Approved By <u>DUNCAN WHITLOCK</u> | Title <u>TECHNICAL LPET</u> | Date <u>07/26/2016</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 Carlsbad |

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.

Additional data for EC transaction #344959 that would not fit on the form

5. Lease Serial No., continued

NMNM100316
NMNM108027
NMNM53148

Wells/Facilities, continued

| Agreement | Lease | Well/Fac Name, Number | API Number | Location |
|------------------|--------------|------------------------------|--------------------|---------------------------------------|
| NMNM100316 | NMNM100316 | PRIMERO FEDERAL 1 | 30-015-30503-00-S1 | Sec 23 T26S R24E NWNW 850FNL 847FWL |
| NMNM108027 | NMNM108027 | YELLOWSTONE 3 FEDERAL 3 | 30-015-39823-00-S1 | Sec 3 T26S R25E NWSW 1980FSL 660FWL |
| NMNM53148 | NMNM53148 | FEDERAL C U 1 | 30-015-24031-00-S1 | Sec 35 T25S R25E SWNE 1980FNL 1980FEL |

10. Field and Pool, continued

WILDCAT

32. Additional remarks, continued

Section 3. T26S. R25E
WC-015 G-02 S262503L; Bone Spring [97945]
API 30-015-39823
Federal Lease No. NMNM108027

Federal CU #1
SHL: 1980? FNL & 1980? FEL
Section 35. T25S. R25E
Cottonwood Spring; Morrow Gas [96612]
API# 30-015-24031
Federal Lease No. NMNM053148

The commingled gas production will be sold at the Enterprise sales meter #68478 located in UL "J"
NWSE Section 32. T25S. R25E.

See attached.

APPLICATION FOR SURFACE POOL/LEASE COMMINGLE & OFF-LEASE-SALES GAS ONLY

Proposal for Primero Fed #1, Yellowstone 3 Fed #3 and Federal CU #1:

COG Operating LLC respectfully request approval for Surface Pool/Lease Commingle and Off-Lease Sales gas only for the following wells:

| Federal Lease NMNM100316 Royalty Rate 12.5% | | | | Oil | | | |
|---|-------------------|--------------|--------------------------------|------|-----------|-------|---------|
| Well Name | Location | API # | Pool [96856] | BOPD | Gravities | MCFPD | BTU |
| Primero Fed #1 | Sec. 23-T26S-R24E | 30-015-30503 | Washington Ranch; Morrow South | - | - | 55 | 1065.00 |

| Federal Lease NMNM108027 Royalty Rate 12.5% | | | | Oil | | | |
|---|------------------|--------------|-----------------------------------|------|-----------|-------|---------|
| Well Name | Location | API # | Pool [97945] | BOPD | Gravities | MCFPD | BTU |
| Yellowstone 3 Fed #3 | Sec. 3-T26S-R25E | 30-015-39823 | WC-015 G-02 S262503L; Bone Spring | - | - | 5 | 1098.00 |

| Federal Lease NMNM053148 Royalty Rate 12.5% | | | | Oil | | | |
|---|-------------------|--------------|-------------------------------|------|-----------|-------|---------|
| Well Name | Location | API # | Pool [96612] | BOPD | Gravities | MCFPD | BTU |
| Federal CU #1 | Sec. 35-T25S-R25E | 30-015-24031 | Cottonwood Spring; Morrow Gas | - | - | 3 | 1101.00 |

An attached map shows the federal leases and well locations in Section 23. T26S. R24E, Section 3. T26S. R25E and Section 35. T25S. R25E. Working, royalty, and overriding interest owners have been notified of this proposal via certified mail (see attached).

Gas metering:

Each well is equipped with a gas allocation meter that will continuously meter gas production prior to commingling and these measurements shall be used to allocate production/sales to the wells. Allocation Meter #88522001 belongs to the Primero Federal #1H, allocation meter #88522086 belongs to the Yellowstone 3 Federal #3, and allocation meter #88522003 belongs to the Federal CU #1. These meters will be the Federal measurement points which production will be reported for sales of produced gas. All three wells will utilize the CDP Enterprise sales meter #68478 which is located at the NWSE Unit Letter J Section 32. T25S. R25E.

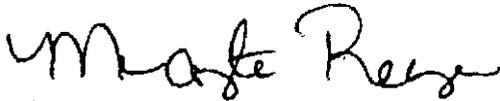
The BLM's interest in all three wells are associated with Federal Lease #NMNM100316, Federal Lease #NMNM108027, and Federal Lease #NMNM053148 which all three leases have a royalty rate of 12.5%. Waste is not induced and no correlative rights are impaired. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

The commingling of production is in the interest of conservation and will result in the most effective, economic means of producing the reserves in place from the affected wells and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce the surface facility footprint and overall emissions.

COG will use allocation gas meters to measure the gas prior to commingling. These meters will meet all measurement requirements of API Federal regulations for gas sales meters. COG requests this type of commingle application due to economics. It is not economical to install a gas sales meter run and meter at the cost of \$65,000.00, these equipment and maintenance would have an uneconomical pay out for an installation of this type. COG feels it is not in the best interest of the American public to have the operator plug the wells at this time, there are still recoverable minerals.

COG understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Signed:

A handwritten signature in cursive script that reads "Mayte Reyes".

Printed Name: Mayte Reyes

Title: Regulatory Analyst

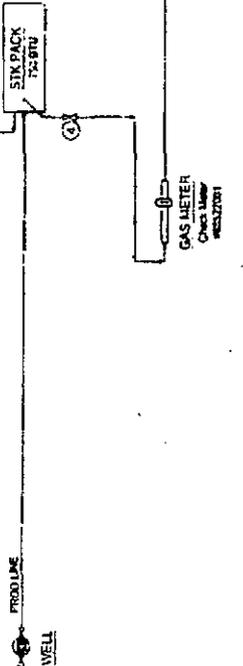
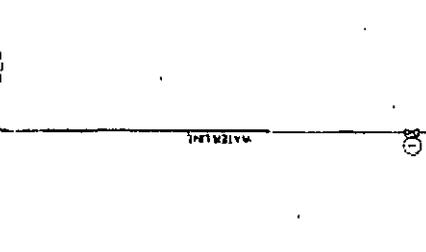
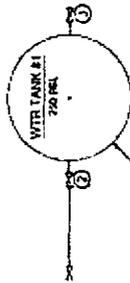
Date: 7-18-16

PRIMERO FEDERAL #1 BATTERY
 NESW SECTION 23, T26S, R24E, UNIT K
 EDDY COUNTY, NM

WELLS
 PRIMERO FEDERAL #001: 30-015-30503

Production Phase - Tank #1
 - Valve 1 open
 - Valve 2 closed
 - Valve 3 closed
 - Valve 4 open

Sales Phase - Tank #1
 - Valve 1 open
 - Valve 2 open
 - Valve 3 closed
 - Valve 4 open



COG Operating LLC
 Site Security Plans Located At:
 One Concho Center
 600 W. Illinois Ave.
 Midland, TX 79701

Type of Lease: Federal
 Federal Lease #: N1MNM - 100316
 Property Code: 308093
 OGRID #: 228137



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

TO ENTERPRISE GAS SALES
 LINE METER #6478 LOCATED
 STATE LEASE # L05-156-001
 NYSE SECTION 32, T25S, R23E, UNIT J

| PROPERTY | | WELL | | COMPLETION | | PRODUCTION | | SALES | | REGISTRATION | | TAXES | | OTHER | |
|---|-------------------|------|----------|------------|----------|------------|----------|----------|----------|--------------|----------|----------|----------|----------|----------|
| NO. | NAME | NO. | NAME | NO. | DATE | DATE | DATE | DATE | DATE | DATE | DATE | DATE | DATE | DATE | DATE |
| 1 | COG OPERATING LLC | 1 | WELL2201 | 1 | 10/15/10 | 10/15/10 | 10/15/10 | 10/15/10 | 10/15/10 | 10/15/10 | 10/15/10 | 10/15/10 | 10/15/10 | 10/15/10 | 10/15/10 |
| COG OPERATING LLC 500 WEST ELMO AVENUE MIDLAND, TEXAS 79701 | | | | | | | | | | | | | | | |



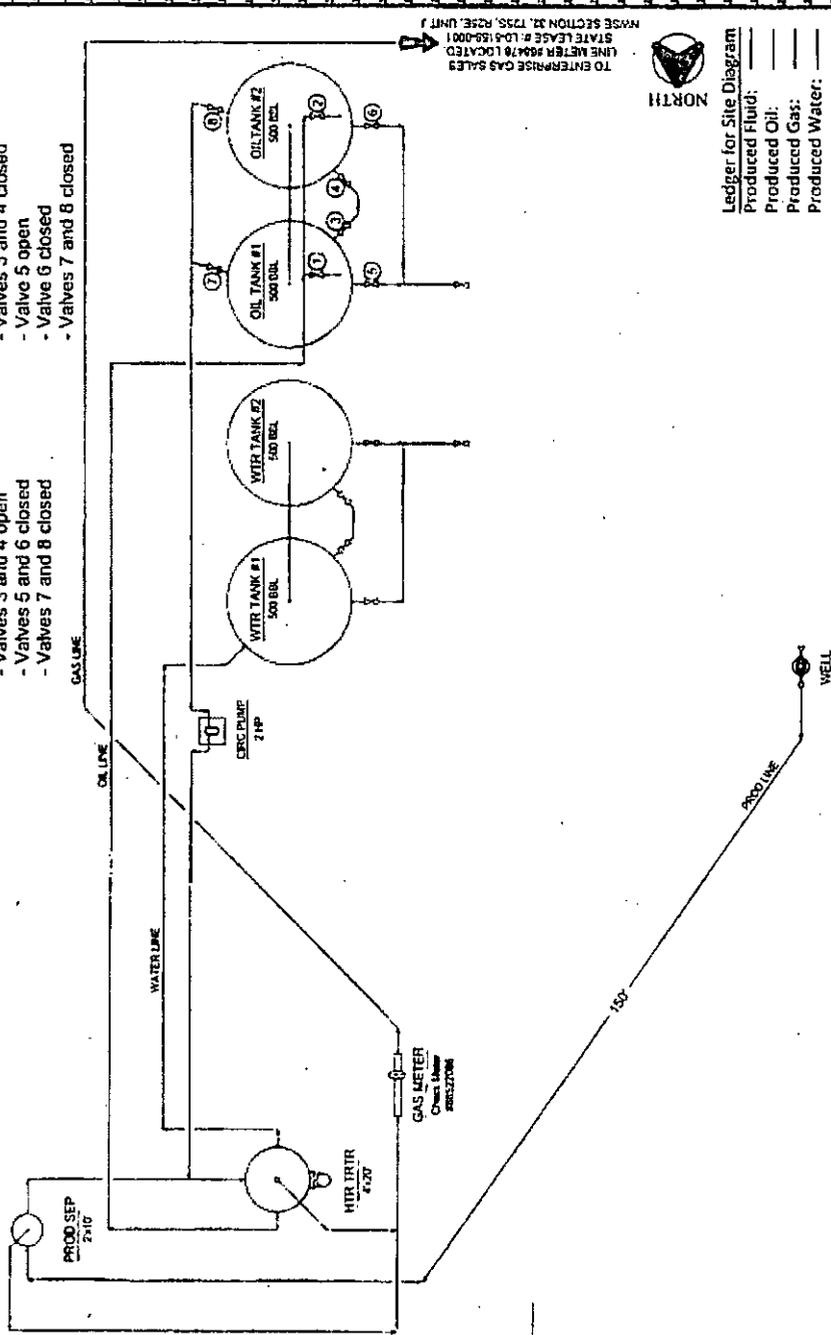
FORM NO. D-1700-81-003
 07-2000

YELLOWSTONE 3 FEDERAL #3 BATTERY
 NWSW SECTION 3, T26S, R25E, UNIT 1
 EDDY COUNTY, NM

WELLS:
 YELLOWSTONE 3 FEDERAL #003: 30-015-39823

- Production Phase - Oil Tank #1**
- Valve 1 open
 - Valve 2 closed
 - Valves 3 and 4 open
 - Valves 5 and 6 closed
 - Valves 7 and 8 closed

- Sales Phase - Oil Tank #1**
- Valve 1 closed
 - Valve 2 open
 - Valves 3 and 4 closed
 - Valve 5 open
 - Valve 6 closed
 - Valves 7 and 8 closed



TO ENTERPRISE GAS SALES
 LINE METER #00478 LOCATED
 STATE LEASE # L-0-159-0001
 W/SE SECTION 32, T25S, R25E, UNIT 1



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

CONCHO
 NEW MEXICO ONLY ASSET
 OPERATING UNIT #10000
 YELLOWSTONE 3 FEDERAL #3 BATTERY
 W/SE SECTION 32, T25S, R25E, UNIT 1
 OPER. QUANTITY: 1
 W/SECT: 32
 T/25S: 25
 R/25E: 25
 UNIT: 1
 D: 0-1700-R1-003

| NO. | DATE | DESCRIPTION | BY | REV. | DATE | DESCRIPTION | BY | REV. |
|-----|----------|------------------------|---------|------|----------|------------------------|---------|------|
| 1 | 01/17/13 | ISSUE FOR CONSTRUCTION | J. COLE | 1 | 01/17/13 | ISSUE FOR CONSTRUCTION | J. COLE | 1 |
| 2 | 01/17/13 | ISSUE FOR CONSTRUCTION | J. COLE | 2 | 01/17/13 | ISSUE FOR CONSTRUCTION | J. COLE | 2 |
| 3 | 01/17/13 | ISSUE FOR CONSTRUCTION | J. COLE | 3 | 01/17/13 | ISSUE FOR CONSTRUCTION | J. COLE | 3 |

CONCHO OPERATING LLC
 600 W. ILLINOIS AVE.
 MIDLAND, TEXAS 79701

COG Operating LLC
 Site Security Plans Located At:
 One Concho Center
 600 W. Illinois Ave.
 Midland, TX 79701

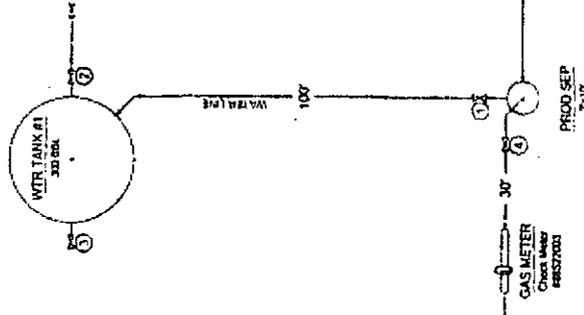
Type of Lease: Federal
 Federal Lease #: NMINM - 108027
 Property Code: 310243
 OGRID #: 228137

FEDERAL CU #1 BATTERY
 SWNE SECTION 35, T25S, R25E, UNIT G
 EDDY COUNTY, NM

WELLS:
 FEDERAL CU #001: 30-015-24031

Production Phase - Tank #1
 - Valve 1 open
 - Valve 2 closed
 - Valve 3 closed
 - Valve 4 open

Sales Phase - Tank #1
 - Valve 1 open
 - Valve 2 open
 - Valve 3 closed
 - Valve 4 open



TO ENTERPRISE GAS SALES
 1500 W. 10TH ST. LOCATED IN
 STATE OF OKLAHOMA
 NWSE SECTION 32, T24S, R25E, UNIT J

COG Operating LLC
 Site Security Plans Located At:
 One Concho Center
 600 W. Illinois Ave.
 Midland, TX 79701



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

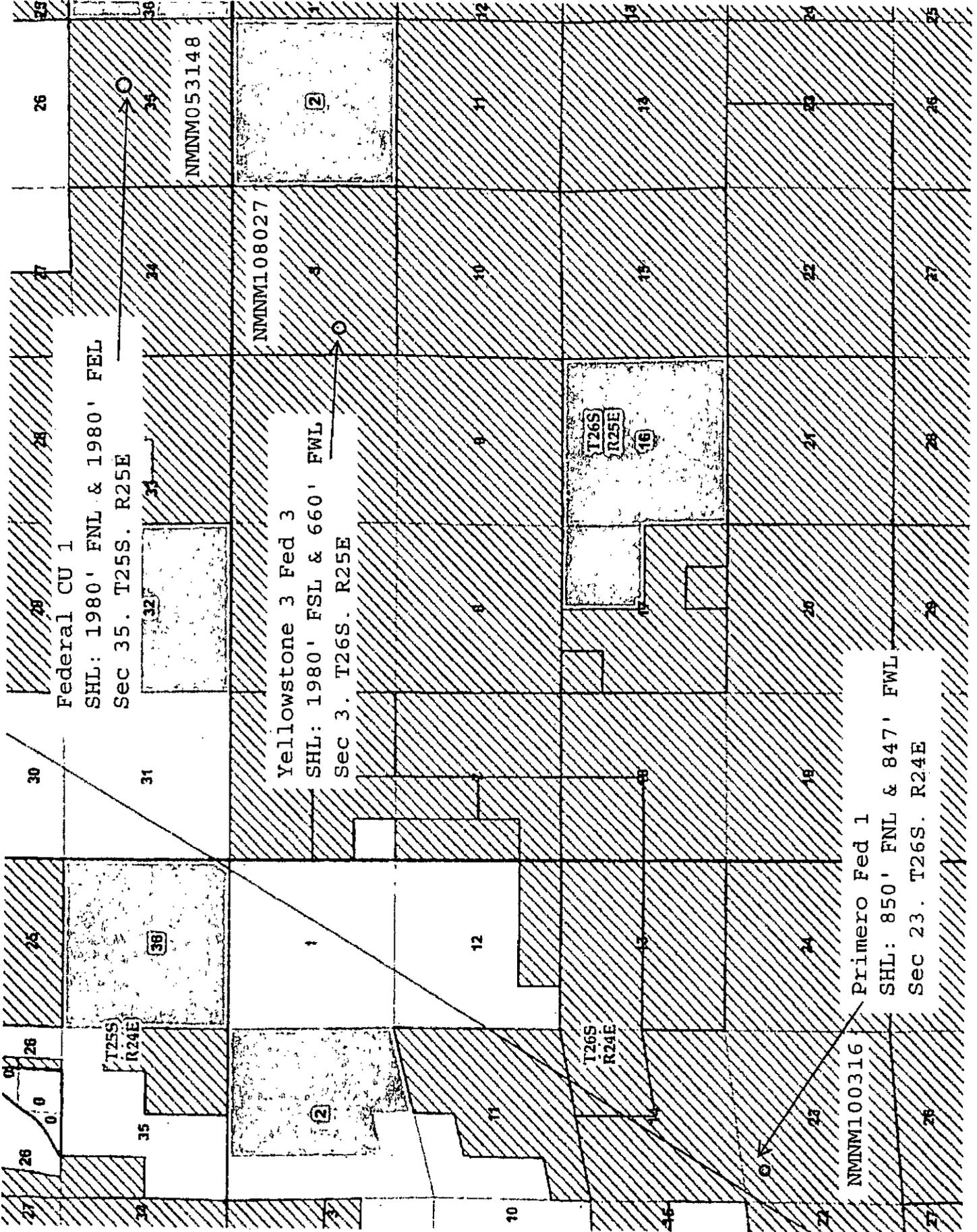
| PROPERTY INFORMATION | | WELL INFORMATION | | PRODUCTION RECORD | | WELL LOG | | WELL IDENTIFICATION | |
|----------------------|----------|------------------|----------|-------------------|-------|----------|-------|---------------------|----------|
| NO. | DATE | NO. | DATE | DATE | TYPE | DATE | DEPTH | NO. | DATE |
| 1 | 01/17/78 | 1 | 01/17/78 | 01/17/78 | PROD. | 01/17/78 | 100' | 1 | 01/17/78 |
| 2 | 01/17/78 | 2 | 01/17/78 | 01/17/78 | PROD. | 01/17/78 | 100' | 2 | 01/17/78 |
| 3 | 01/17/78 | 3 | 01/17/78 | 01/17/78 | PROD. | 01/17/78 | 100' | 3 | 01/17/78 |
| 4 | 01/17/78 | 4 | 01/17/78 | 01/17/78 | PROD. | 01/17/78 | 100' | 4 | 01/17/78 |

COG OPERATING LLC
 600 W. ILLINOIS AVE.
 MIDLAND, TEXAS 79701

NEW MEXICO STATE ASSET
 PRODUCTION / ASSET
 FEDERAL CU #1 BATTERY

WELL NO. 0-1700-01-003

Type of Lease: Federal
 Federal Lease #: NMNM - 053148
 Property Code: 310261
 OGRID #: 229137



Federal CU 1

SHL: 1980' FNL & 1980' FEL
Sec 35. T25S. R25E

Yellowstone 3 Fed 3

SHL: 1980' FSL & 660' FWL
Sec 3. T26S. R25E

Primero Fed 1

SHL: 850' FNL & 847' FWL
Sec 23. T26S. R24E

NMNM053148

NMNM108027

NMNM100316

T25S
R24E

T26S
R24E

T26S
R25E

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fed CU check meter number 8852203 lat 32° 5' 17.29" N long 104° 21' 53.23" W

enterprize master meter primero ID #68478

yellow stoned fed check meter number 88522086

primero fed check meter 88522001 lat 32° 1' 52.01" N long 104° 28' 29.42" W

Basement
Gates Meter #8478
AVS#Sec 32 5255 1R25E
primero fed
check meter #88522001
AVS#Sec 23 41265 1R24E
Yellowstone Federal
check meter #88522086
AVS#Sec 32 4265 1R25E
Federal
check meter #88522003
AVS#Sec 32 41255 1R25E

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 04:18 PM
Page 1 of 2

Run Date: 06/28/2016

01 12-22-1987;401STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 2,518.300
Serial Number NMNM-- -100316

Serial Number: NMNM-- - 100316

| Name & Address | | | Int Rel | % Interest |
|----------------------------|-----------------------------------|----------------------|---------|--------------|
| COG OPERATING LLC | 600 W ILLINOIS AVE | MIDLAND TX 797014882 | LESSEE | 79.230000000 |
| CONCHO OIL & GAS LLC | 600 W ILLINOIS AVE, ONE CONCHO CE | MIDLAND TX 797014882 | LESSEE | 4.170000000 |
| EMG OIL PROPERTIES INC | 1000 W 4TH ST | ROSWELL NM 88201 | LESSEE | 3.270000000 |
| SLASH FOUR ENTERPRISES INC | PO BOX 1433 | ROSWELL NM 88202 | LESSEE | 6.666700000 |
| SORENSEN DAVID J | PO BOX 1453 | ROSWELL NM 88202 | LESSEE | 6.663300000 |

Serial Number: NMNM-- - 100316

| Mer Twp | Rng | Sec | STyp | SNr Suff | Subdivision | District/Field Office | County | Mgmt Agency |
|---------|-------|-------|------|----------|------------------|-----------------------|--------|---------------------|
| 23 | 0260S | 0240E | 014 | ALIQ | SE; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
| 23 | 0260S | 0240E | 014 | LOTS | 1,2,3,4,5,6,7,8; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
| 23 | 0260S | 0240E | 015 | ALIQ | SW; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
| 23 | 0260S | 0240E | 015 | LOTS | 1,2,3,4; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
| 23 | 0260S | 0240E | 022 | LOTS | 1-10,15,16; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
| 23 | 0260S | 0240E | 023 | ALL | ENTIRE SECTION | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |
| 23 | 0260S | 0240E | 024 | ALL | ENTIRE SECTION | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |

Serial Number: NMNM-- - 100316

| Act Date | Code | Action | Action Remark | Pending Office |
|------------|------|--------------------------|------------------------|----------------|
| 10/21/1997 | 387 | CASE ESTABLISHED | 9710069 | |
| 10/22/1997 | 191 | SALE HELD | | |
| 10/22/1997 | 267 | BID RECEIVED | \$50380.00; | |
| 10/22/1997 | 392 | MONIES RECEIVED | \$50380.00; | |
| 11/18/1997 | 237 | LEASE ISSUED | | |
| 11/18/1997 | 974 | AUTOMATED RECORD VERIF | LBO | |
| 12/01/1997 | 496 | FUND CODE | 05;145003 | |
| 12/01/1997 | 530 | RLTY RATE - 12.1/2% | | |
| 12/01/1997 | 868 | EFFECTIVE DATE | | |
| 12/02/1997 | 600 | RECORDS NOTED | | |
| 12/15/1997 | 084 | RENTAL RECEIVED BY ONRR | \$3778.50;11/MULTIPLE | |
| 05/26/1998 | 899 | TRF OF ORR FILED | (1) | |
| 05/26/1998 | 899 | TRF OF ORR FILED | (2) | |
| 06/30/1998 | 963 | CASE MICROFILMED/SCANNED | | |
| 10/21/1998 | 084 | RENTAL RECEIVED BY ONRR | \$3778.50;21/000000004 | |
| 02/02/1999 | 650 | HELD BY PROD - ACTUAL | /1/ | |
| 05/03/1999 | 140 | ASGN FILED | PRIMERO INC/MARBOB EN | |
| 06/09/1999 | 139 | ASGN APPROVED | EFF 06/01/99; | |
| 06/09/1999 | 974 | AUTOMATED RECORD VERIF | JLV | |
| 10/12/1999 | 643 | PRODUCTION DETERMINATION | /1/ | |
| 10/12/1999 | 658 | MEMO OF 1ST PROD-ACTUAL | /1/#1 PRIMERO FED; | |
| 10/18/1999 | 084 | RENTAL RECEIVED BY ONRR | \$3779;21/23 | |
| 06/02/2001 | 269 | ASGN DENIED | MARBOB EN/COG OPERA | |
| 02/14/2005 | 140 | ASGN FILED | BRANEX RE/EMG OIL P;1 | |
| 03/24/2005 | 139 | ASGN APPROVED | EFF 03/01/05; | |
| 03/24/2005 | 974 | AUTOMATED RECORD VERIF | MV | |
| 12/18/2007 | 974 | AUTOMATED RECORD VERIF | ANN | |

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 04:19 PM

Page 1 of 2

Run Date: 06/28/2016

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 640.000
Serial Number NMNM-- - 108027

Serial Number: NMNM-- - 108027

| Name & Address | | | Int Ref | % Interest |
|-------------------------------|--------------------------|----------------------|------------------|---------------|
| CHEVRON MIDCONTINENT LP | 6301 DEAUVILLE | MIDLAND TX 797062964 | OPERATING RIGHTS | 0.000000000 |
| CIMAREX ENERGY CO OF COLORADO | 1700 LINCOLN ST STE 1800 | DENVER CO 802034518 | OPERATING RIGHTS | 0.000000000 |
| COG OPERATING LLC | 600 W ILLINOIS AVE | MIDLAND TX 797014882 | OPERATING RIGHTS | 0.000000000 |
| ECHO PROD INC | PO BOX 1210 | GRAHAM TX 76450 | LESSEE | 100.000000000 |
| LATIGO PETROLEUM INC | 15 W 6TH ST #1100 | TULSA OK 74119 | OPERATING RIGHTS | 0.000000000 |
| OXY USA INC | 5 GREENWAY PLZ #110 | HOUSTON TX 770460521 | OPERATING RIGHTS | 0.000000000 |
| SAMSON RESOURCES CO | 200 N LORRAINE #1010 | MIDLAND TX 79701 | OPERATING RIGHTS | 0.000000000 |
| TALUS INC | PO BOX 1210 | GRAHAM TX 76450 | OPERATING RIGHTS | 0.000000000 |
| THE ALLAR CO | PO BOX 1567 | GRAHAM TX 76450 | OPERATING RIGHTS | 0.000000000 |
| TWIN MONTANA INC | PO BOX 1210 | GRAHAM TX 76450 | OPERATING RIGHTS | 0.000000000 |

Serial Number: NMNM-- - 108027

| Mer Twp | Rng | Sec | STyp | SNr Suff | Subdivision | District/Field Office | County | Mgmt Agency |
|---------|-------|-------|------|----------|----------------|-----------------------|--------|---------------------|
| 23 | 02605 | 0250E | 003 | ALL | ENTIRE SECTION | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |

Serial Number: NMNM-- - 108027

| Act Date | Code | Action | Action Remark | Pending Office |
|------------|------|--------------------------|-----------------------|----------------|
| 01/15/2002 | 387 | CASE ESTABLISHED | 200201024 | |
| 01/16/2002 | 191 | SALE HELD | | |
| 01/16/2002 | 267 | BID RECEIVED | \$48000.00; | |
| 01/16/2002 | 392 | MONIES RECEIVED | \$48000.00; | |
| 02/15/2002 | 237 | LEASE ISSUED | | |
| 02/15/2002 | 974 | AUTOMATED RECORD VERIF | BTM | |
| 03/01/2002 | 496 | FUND CODE | 05;145003 | |
| 03/01/2002 | 530 | RLTY RATE - 12 1/2% | | |
| 03/01/2002 | 868 | EFFECTIVE DATE | | |
| 03/25/2002 | 963 | CASE MICROFILMED/SCANNED | | |
| 06/03/2002 | 899 | TRF OF ORR FILED | ECHO PRODUCTION INC;1 | |
| 09/04/2002 | 932 | TRF OPER RGTS FILED | ECHO PRODUCTION INC;1 | |
| 10/28/2002 | 933 | TRF OPER RGTS APPROVED | EFF 10/01/02; | |
| 10/28/2002 | 974 | AUTOMATED RECORD VERIF | JLV | |
| 04/30/2003 | 817 | MERGER RECOGNIZED | KUKUI INC/ANIMAS ENE | |
| 06/27/2003 | 932 | TRF OPER RGTS FILED | ANIMAS/SAGA; | |
| 07/29/2003 | 933 | TRF OPER RGTS APPROVED | EFF 07/01/03; | |
| 07/29/2003 | 974 | AUTOMATED RECORD VERIF | MV | |
| 07/12/2004 | 932 | TRF OPER RGTS FILED | SAGA PETRO/LATIGO | |
| 08/20/2004 | 933 | TRF OPER RGTS APPROVED | EFF 08/01/04; | |
| 08/20/2004 | 974 | AUTOMATED RECORD VERIF | MV | |
| 05/22/2006 | 932 | TRF OPER RGTS FILED | LATIGO PE/ALLAR COM;: | |
| 07/03/2006 | 933 | TRF OPER RGTS APPROVED | EFF 06/01/06; | |
| 07/03/2006 | 974 | AUTOMATED RECORD VERIF | ANN | |
| 08/14/2006 | 940 | NAME CHANGE RECOGNIZED | CIMAREX/CIMAREX OF CO | |
| 12/08/2006 | 932 | TRF OPER RGTS FILED | LATIGO PE/CHEVRON M;1 | |
| 02/14/2007 | 933 | TRF OPER RGTS APPROVED | EFF 01/01/07; | |

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 04:20 PM

Page 1 of 3

Run Date: 06/28/2016

01 02-25-1920;041STAT0437;30USC181ETSEQ.
Case Type 311211: O&G LSE SIMO PUBLIC LAND
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 640.000
Serial Number NMNM-- - 053148

Serial Number: NMNM-- - 053148

| Name & Address | | | Int Rel | % Interest |
|----------------------|------------------------|------------------------|------------------|--------------|
| CODY ENERGY INC | 7555 E HAMDEN AVE #600 | DENVER CO 80231 | OPERATING RIGHTS | 0.000000000 |
| COG OPERATING LLC | 600 W ILLINOIS AVE | MIDLAND TX 797014882 | LESSEE | 63.750000000 |
| CREE IRA J | 3250 CHERRY AVE | LONG BEACH CA 90807 | OPERATING RIGHTS | 0.000000000 |
| FERGUSON FLOYD J | PO BOX 606 | ROSWELL NM 882020606 | OPERATING RIGHTS | 0.000000000 |
| KONSTANTINE GEORGE P | 111 W OCEAN BLVD | LONG BEACH CA 90802 | OPERATING RIGHTS | 0.000000000 |
| LLANO LAND & EXPL | BOX 2544 | ROSWELL NM 882022544 | OPERATING RIGHTS | 0.000000000 |
| SCHLICHER FRED J | BOX 606 | ROSWELL NM 882020606 | OPERATING RIGHTS | 0.000000000 |
| SMITH MARTIN III | 8055 MANCHESTER AVE | PLAYA DEL REY CA 90293 | OPERATING RIGHTS | 0.000000000 |
| TALUS INC | PO BOX 1210 | GRAHAM TX 76450 | LESSEE | 5.000000000 |
| THE ALLAR CO | PO BOX 1567 | GRAHAM TX 76450 | LESSEE | 21.250000000 |
| TWIN MONTANA INC | PO BOX 1210 | GRAHAM TX 76450 | LESSEE | 10.000000000 |

Serial Number: NMNM-- - 053148

| Mer Twp | Rng | Sec | S Typ | S Nr Suff | Subdivision | District/Field Office | County | Mgmt Agency |
|---------|-------|-------|-------|-----------|----------------|-----------------------|--------|---------------------|
| 23 | 02505 | 0250E | 035 | ALL | ENTIRE SECTION | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |

Serial Number: NMNM-- - 053148

| Act Date | Code | Action | Action Remark | Pending Office |
|------------|------|--------------------------|-----------------------|----------------|
| 01/24/1972 | 387 | CASE ESTABLISHED | | |
| 02/01/1972 | 496 | FUND CODE | 05;145003 | |
| 02/01/1972 | 530 | RLTY RATE - 12 1/2% | | |
| 02/01/1972 | 868 | EFFECTIVE DATE | | |
| 01/15/1982 | 209 | CASE CREATED BY SEGR | OUT OF NMNM14759; | |
| 05/04/1982 | 500 | GEOGRAPHIC NAME | UNDEFINED FLD; | |
| 05/04/1982 | 510 | KMA CLASSIFIED | | |
| 05/04/1982 | 650 | HELD BY PROD - ACTUAL | | |
| 02/11/1983 | 315 | RENTAL RATE DET/ADJ | \$2.00; | |
| 05/08/1987 | 974 | AUTOMATED RECORD VERIF | | EP/MLC |
| 06/02/1987 | 963 | CASE MICROFILMED/SCANNED | CNUM 561,277 | DS |
| 05/29/1990 | 932 | TRF OPER RGTS FILED | ENSTAR CORP/ULTRAMAR | |
| 07/02/1990 | 933 | TRF OPER RGTS APPROVED | EFF 06/01/90; | |
| 07/02/1990 | 974 | AUTOMATED RECORD VERIF | | RAO/RAO |
| 07/18/1990 | 140 | ASGN FILED | AMOCO PROD/SCHLICHER | |
| 07/18/1990 | 140 | ASGN FILED | AMOCO/SCHLICHER-FERG | |
| 08/29/1990 | 974 | AUTOMATED RECORD VERIF | | MRR/RAYO |
| 06/26/1991 | 899 | TRF OF ORR FILED | | |
| 06/26/1991 | 932 | TRF OPER RGTS FILED | DAVOIL/SCHLICHER ETAL | |
| 06/26/1991 | 932 | TRF OPER RGTS FILED | ULTRAMAR/SCHLICHER | |
| 07/30/1991 | 139 | ASGN APPROVED | (1) EFF 08/01/91; | |
| 07/30/1991 | 139 | ASGN APPROVED | (2) EFF 08/01/91; | |
| 07/30/1991 | 974 | AUTOMATED RECORD VERIF | | MRR/MT |
| 08/27/1991 | 933 | TRF OPER RGTS APPROVED | 01EFF 07/01/91; | |
| 08/27/1991 | 933 | TRF OPER RGTS APPROVED | 02EFF 07/01/91; | |
| 08/27/1991 | 974 | AUTOMATED RECORD VERIF | | RAO/KRP |
| 06/26/1992 | 974 | AUTOMATED RECORD VERIF | | ST/JS |

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM



July 18, 2016

**RE: Surface Pool/Lease Commingle and Off Lease Sales Gas Only
Primero Federal #1, Yellowstone 3 Federal #3, and Federal CU Federal #1**

Dear Interest Owner:

This is to advise you that COG Operating LLC, is filing an application with the New Mexico Oil Conservation Division ("NMOCD") and Bureau of Land Management (BLM) seeking approval for a Surface Pool/Lease Commingle and Off Lease Sales Gas Only for the above mentioned wells.

A copy of our application submitted to the Division is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted in writing to the New Mexico Oil Conservation Division Santa Fe office within 20 days from the date of this letter. The Division Director may approve this application if no objection has been made within the 20 days after the application has been received.

If you have any questions regarding this Application, please contact me at 575-748-6945 or email me at mreyes1@concho.com, or Melanie Wilson at 575-748-6952 email mwilson@concho.com.

Sincerely,

A handwritten signature in black ink that reads "Mayte Reyes".

Mayte Reyes
Regulatory Analyst
COG Production LLC
2208 W. Main Street
Artesia, NM 88210
575.748.6945

Enclosure

CERTIFIED MAILING LIST

Wells, Leases: Primero Federal #1 (NMNM100316), Yellowstone 3 Federal #3 (NMNM108027), Federal CU #1 (NMNM053148)

| <u>Owner Name/Address</u> | <u>Certified Mailing Number</u> |
|---|---------------------------------|
| Chevron U.S.A., Inc. Land Department c/o Owner Division P.O. Box 4538 Houston, Texas 77210 | 7013 3020 0000 8748 7945 |
| OXY USA Inc P O Box 27570 Room 13 105 Houston, Texas 77227 | 7013 3020 0000 8748 7938 |
| David J. Sorenson P O Box 1453 Roswell, NM 88202 | 7013 3020 0000 8748 7990 |
| Slash Four Enterprises, Inc P O Box 1433 Roswell, NM 88202 | 7013 3020 0000 8748 7983 |
| Paisano Partners P O Box 1973 Midland, Texas 79702 | 7013 3020 0000 8748 7952 |
| EMG Oil Properties 1000 West Fourth Street Roswell, NM 88201 | 7013 3020 0000 8748 7969 |
| The Allar Company P O Box 1567 Graham, Texas 76450 | 7013 3020 0000 8748 7907 |
| Talus Inc. P O Box 1210 Graham, Texas 76450 | 7013 3020 0000 8748 7914 |

Owner Name/Address

Certified Mailing Number

Magnum Hunter Production, Inc.
202 South Cheyene Ave., Ste 1000
Tulsa, Oklahoma 74103

7013 3020 0000 8748 7976

Twin Montana, Inc
Attn: H T Hunnewell
P O Box 1210
Graham, Texas 76450

7013 3020 0000 8748 7921

COG Operating LLC
600 W Illinois Ave
Midland, TX 79701

7013 3020 0000 8750 1238

Concho Oil & Gas LLC
600 W. Illinois Ave
Midland, TX 79701

7013 3020 0000 8750 1221

| | | | | | |
|---------|----------|----------|-----------|------|---------|
| DATE IN | SUSPENSE | ENGINEER | LOGGED IN | TYPE | APP NO. |
|---------|----------|----------|-----------|------|---------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - 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

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.

 Print or Type Name

Mayte Reyes
 Signature

 Title

Regulatory Analyst

 Date

7/18/16

 e-mail Address

mreyes1@concho.com

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: COG Operating LLC
OPERATOR ADDRESS: 2208 W. Main Street, Artesia, NM 88210

APPLICATION TYPE:
 Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | Calculated Value of Commingled Production | Volumes |
|---|--|---|---|---------|
| Washington Ranch; Morrow South [96856] | BTU: 1.065 | | | |
| WC-015 G-02 S262503L; Bone Spring [97945] | BTU: 1.098 | | | |
| Cottonwood Spring; Morrow Gas [96612] | BTU: 1.101 | | | |

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Mayte Reyes TITLE: Regulatory Analyst DATE: 7/18/16

TYPE OR PRINT NAME: Mayte Reyes TELEPHONE NO.: 575-748-6945 E-MAIL ADDRESS: mreyes1@concho.com

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Primero Federal #1 3001530503 Lease- NM100316, Yellowstone 3 Federal #3 3001539823 Lease- NM108027,
Federal CU #1 3001524031 Lease- NM53148**

COG Production LLC

July 26, 2016

Condition of Approval

Commingling of lease Gas production and off lease Sales of Gas only

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 and API requirements for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.