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

APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23188 - 23191

#### NOTICE OF SUPPLEMENTAL EXHIBIT

In accordance with the Division's request at the December 15, 2022 hearing in this matter, COG Operating LLC is providing the Supplemental Self-Affirmed Statement of Michael Potts (Exhibit D), which provides additional information regarding the pooled parties.

Respectfully submitted,

HINKLE SHANOR, LLP

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# SUPPLEMENTAL SELF-AFFIRMED STATEMENT OF MICHAEL POTTS

- 1. I am a Staff Land Negotiator for COG Operating LLC ("COG"). I previously submitted written testimony in these matters.
- 2. At the December 15, 2022 hearing, the Division requested that COG explain why parties who are being pooled with unmarketable title are also listed as working interest owners who are not being pooled.
- 3. Homebound Resources LLC's ("Homebound") interest in the Dominator wells is subject to a Joint Operating Agreement ("JOA") executed by Homebound's predecessor, and Homebound elected to participate in the Dominator wells under the JOA.
- 4. Following Homebound's election, Homebound executed a series of conveyances that were unclear as to whether they conveyed a leasehold interest or were limited to the existing wellbores in the Unit, and not the new Bone Spring Dominator wells that are the subject of these Applications.
- 5. After speaking with Homebound's Vice President of Land, it was clear that the interests of Homebound were to be transferred to Minerva Resources, LLC ("Minerva"), with 86% of the interest previously owned by Homebound, and Strategic Energy Assets VII, LLC ("Strategic"), receiving the remaining 14% of the interest previously owned by Homebound.
- 6. Homebound, Minerva, and Strategic, are listed as holding "Unmarketable Title" on COG's Exhibit A-3 due to the confusion regarding the transfers out of Homebound. However,

Case Nos. 23188 - 23191 COG Operating LLC Exhibit D based on the clarification provided by Homebound, Minerva and Strategic should be referred to as Record Title Owners. I am attaching an updated version of Exhibit A-3 that reflects this correction.

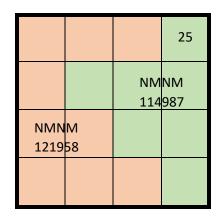
- 7. Neither Minerva nor Strategic has executed a Communitization Agreement, and therefore these parties need to be pooled to comply with the Bureau of Land Management's requirements Communitization requirements. *See* BLM Policy Manual at 3160-9.11F, <a href="mailto:mediacenter\_blmpolicymanual3160-9.pdf">mediacenter\_blmpolicymanual3160-9.pdf</a> ("a communitization agreement signed by the operator and complete in all respects, except for signatures of all working interest and royalty owners, may be accepted and approved by the authorized officer when a State order force-pooling such interests in the lands in question is also submitted"). Both parties were notified of the hearing.
- 8. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Michael Potts

12/22/2022 Date

# **Dominator 25 Fed Com**

All of Section 25, T25S, R33E Lea County, New Mexico



## **Unit Working Interest**

COG Operating LLC	47.812500%
Concho Oil & Gas LLC	2.187500%
BAFII Permian, LLC	17.383711%
Petras Energy, LP	0.119531%
Muleshoe Crude, LP	2.250000%
WBA Resources, Ltd.	0.562500%
Strategic Energy Assets VII, LLC	0.177188%
Minerva Resources, LLC	1.088438%
Sagebrush Interests, LLC	1.265625%
SRR Permian, LLC	5.020313%
Covenant Natural Resources, LP	0.468439%
Chief Capital (O&G) II, LLC	21.664256%
Total	100.000000%

# <u>Tract 1 – E/2E/2, SW/4NE/4, SE/4NW/4, and NW/4SE/4 of Section 25, T25S, R33E</u>

 COG Operating LLC
 95.000000%

 Concho Oil and Gas LLC
 5.000000%

 Total
 100.00000%

# Tract 2 - NW/4NE/4, N/2NW/4, SW/4NW/4, SW/4, and SW/4SE/4 of Section 25, T25S, R33E

COG Operating LLC	11.111111%
BAFII Permian, LLC	68.676389%
Petras Energy, LP	0.212500%
Muleshoe Crude. LP	4.000000%

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COG Operating LLC Supplemental Exh. A-3

WBA Resources, Ltd.	1.000000%
Strategic Energy Assets VII, LLC	0.315000%
Minerva Resources, LLC	1.935000%
Sagebrush Interests, LLC	2.250000%
SRR Permian, LLC	8.925000%
Covenant Natural Resources, LP	0.832781%
Chief Capital (O&G) II, LLC	0.742219%
Total	100.000000%

# **Pooled Notification List**

#### **Working Interest Owners**

All Working Interest Owners have executed the Operating Agreement

## **Unleased Mineral Interest Owners**

None

## **Unratified Overriding Royalty Interest Owners**

None

## **Unmarketable Title**

Homebound Resources LLC 6321 Campus Circle Dr E Irving, TX 75063

## **Record Title Owners**

Minerva Resources, LLC 6321 Campus Circle Dr E Irving, TX 75063

Strategic Energy Assets VII, LLC 9120 Double Diamond Parkway Reno, NV 89521