

ABOVE THIS LINE FOR DIVISION USE ONLY

We need Landman letters

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]**

*- 2 TB
- COG OPERATING
229137*

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A] Paint 32 Fee #1H 30-015-39623
- [A] Location - Spacing Unit - Simultaneous Dedication Paint 32 Fee #2H 30-015-41665
- NSL NSP SD Paint 32 Fee #3H 30-015-39974
- NSL NSP SD Paint 32 Fee #4H 30-015-39624
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement *Well*
- DHC CTB PLC PC OLS OLM *Pool*
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery *- PENASCO Draw*
- WFX PMX SWD IPI EOR PPR *SA YESO ASSOC*
- [D] Other: Specify _____ *50270*

- [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.

Kanicia Castillo
Print or Type Name

Kic
Signature

Lead Regulatory Analyst
Title

06/09/14
Date

kcastillo@concho.com
e-mail Address

2 TB - 715



June 9, 2014

New Mexico Oil Conservation Division
Richard Ezeanyim
1220 S St. Francis Drive
Santa Fe, New Mexico 87505

Re: Request for Surface Commingle

Dear Mr. Ezeanyim,

COG Operating LLC respectfully requests approval for Surface Commingle on the following wells:

Paint 32 Fee 1H
Eddy County, NM
API # 30-015-39623

Surface: 2210 FSL & 190 FWL, Sec 32, T18S, R26E, Unit L

Paint 32 Fee 2H
Eddy County, NM
API # 30-015-41665

Surface: 1670 FSL & 190 FWL, Sec 32, T18S, R26E, Unit L

Paint 32 Fee 3H
Eddy County, NM
API # 30-015-39974

Surface: 1040 FSL & 190 FWL, Sec 32, T18S, R26E, Unit M

Paint 32 Fee 4H
Eddy County, NM
API # 30-015-39624

Surface: 380 FSL & 190 FWL, Sec 32, T18S, R26E, Unit M

All of these wells have common ownership.

We would like to surface commingle using the monthly well test method. Our facility will be setup to test the wells every 12 days. Please see detailed information in the attached "Tank Battery Operational Description". Commingle will not reduce the value of production.

I have attached a diagram of our battery facility, a map with lease boundaries showing all wells and CTB facility location, C-102's, admin checklist and Affidavit of Fact.

Please contact me at 432-685-4332 should you have any questions.

Sincerely,

Kanicia Castillo
Lead Regulatory Analyst
COG Operating, LLC

Affidavit of Fact

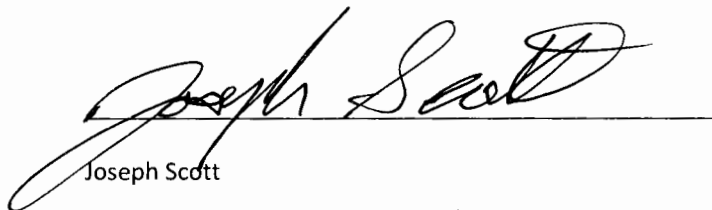
STATE OF TEXAS §

COUNTY OF MIDLAND §

Affiant on oath swears that the following statements are true:

My name is Joseph Scott. I am a Landman for COG Operating LLC. I am familiar with the ownership of the Paint Lease, which is situated in South half of Section 32, Township 18 South, Range 26 East, Eddy County, New Mexico. I hereby confirm that the working interests, overriding interests and royalty interests on this lease are common. ✓

Affiant

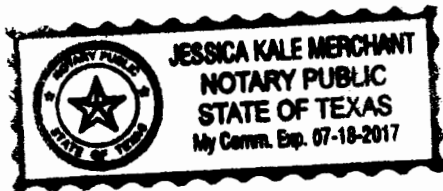

Joseph Scott

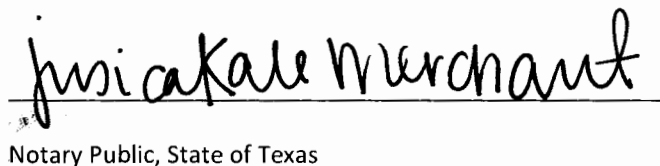
SUBSCRIBED AND SWORN TO before me on the 9 day of June, 2014.

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 9 day of June, 2014, by Joseph Scott, Notary Public for the State of Texas.




Notary Public, State of Texas

Lakewood Area

Tank Battery Operational Description

Test Method Allocation

Summary

The following is a description of the facility operations at a standard tank battery installed in the Lakewood area. The plan of development for this area includes the installation of one tank battery per half section. Each battery will be equipped to handle 4 producing wells from that half section.

Operational Description

- Flowlines from producing wells terminate into the test/production header which serves as the inlet to the tank battery. From the header, one well can be put in test while the remaining wells are combined in the production header for separation and storage of produced fluids. The test/production header is illustrated in Figure 1 below. In this diagram, the shaded valves indicate a closed position. Therefore, this illustration shows well "1H" to be in test while the remaining wells are routed to the 2-Phase Separator. Using the valves in the header, any single well can be isolated from the remaining wells and placed into test.

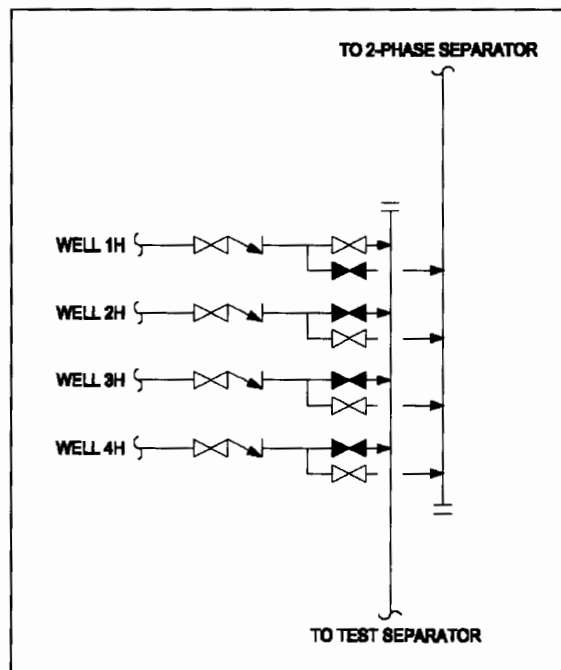


Figure 1: Test/Production Header Diagram

- The test separator is a 3-phase horizontal separator used for measuring produced fluids from a given well. Separate meters are used for measuring oil, water, and gas from the production well. Turbine meters are used for measuring oil and water flow while an orifice meter is used

for measuring gas flow. Once the produced fluids have been metered, all three phases are recombined and routed to the 2-phase separator where the well is tied in with the bulk fluids from other wells. A diagram of the test separator is shown in Figure 2 below.

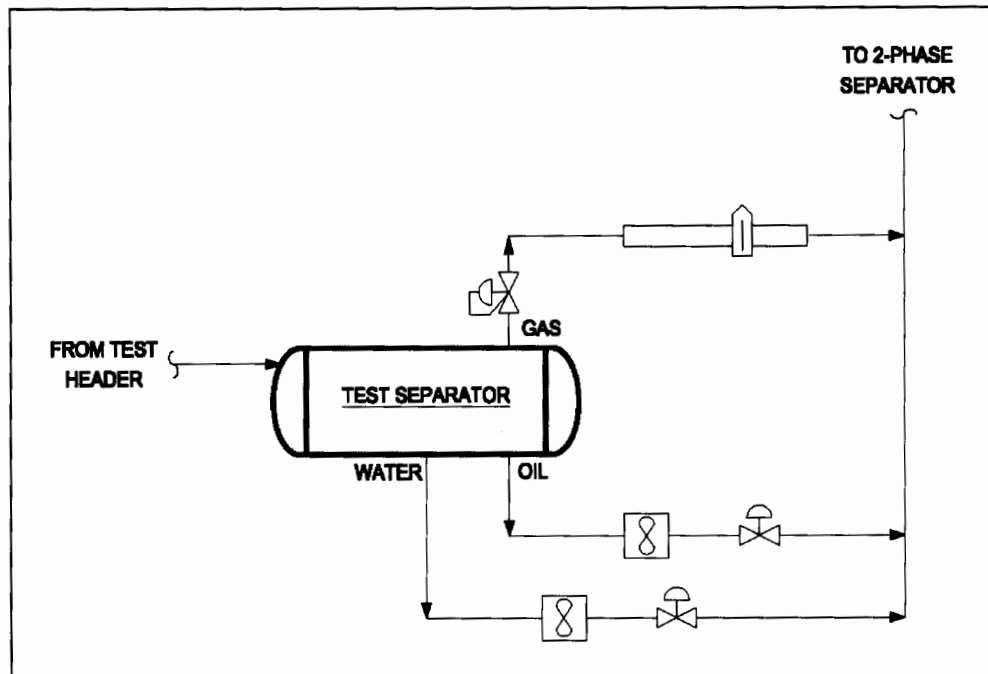


Figure 2: Test Separator with 3-Phase Metering

3. The test separator and associated metering devices have been sized for the expected range of fluid rates from the production wells. The sizing and calibration of this equipment ensures accurate measurement of produced fluids from a well in test. When a well is placed in test, it will remain in test for a minimum of 3 days. This allows adequate time for the well to level out and accurate daily production rates to be measured. Each well will be placed in test once a month at a minimum. Given the number of wells and the duration of well tests, it is likely that each well could be tested as often as 2-3 times per month. Allocation of co-mingled production will be based on average well tests taken during the previous month.
4. Fluids from the production header are routed to the 2-Phase Separator where gas and liquids are separated. Gas is sent directly to the gas sales system and liquids are sent to the FWKO for further separation. In addition to providing a means of bulk gas/liquid separation, this vessel also helps to alleviate slugs of fluid which enter the system and would otherwise disrupt the separation process.
5. Liquids from the 2-Phase Separator are sent to the Free Water Knock Out (FWKO). The primary function of this vessel is to provide sufficient retention time for oil and water to separate. Water from the FWKO is sent to water storage tanks. Oil from the FWKO is sent to the Heater-Treater for a final stage of polishing and water removal. Any gas that flashes off in this stage of separation is tied directly into the gas sales system.
6. Oil from the FWKO is routed to the Heater-Treater wherein heat is applied to help break any remaining emulsions and remove water from the oil stream. Oil from the Heater-Treater is sent

to the oil storage tanks. Water from the Heater-Treater is tied into the water line from the FWKO going to the storage tanks. Any gas that flashes off in this stage of separation is tied directly into the gas sales system.

7. Oil from the Heater-Treater is sent to 500 BBL oil tanks located on site. These tanks allow for storage of oil prior to sales through a pipeline LACT or trucking. Valves are installed on each tank to provide the ability to isolate a tank for sales or to further treat the fluids by circulating back through the separation process. Oil tanks are connected together with a common overflow line that serves to prevent spills caused by over running a single tank.
8. Water from the FWKO and Heater Treater is sent to 500 BBL water tanks located on site. These tanks provide water storage prior to being pumped into the salt water disposal (SWD) system. One water tank is used as the primary tank for water handling while the second tank provides overflow protection and operational flexibility. A transfer pump is connected to the water tanks and is operated automatically by the facility PLC based on the level of water in the tanks. This pump discharges into the SWD system which gathers and disposes of produced water.

Attachments

- Process Flow Diagram: Lakewood Area Standard Tank Battery

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
Rt 1 S First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brown Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3400 Fax: (505) 476-3402

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr. NMOC D ARTESIA
Santa Fe, New Mexico 87505

RECEIVED
SEP 17 2013

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

DAMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-41665	Pool Code 50270	Pool Name Penasco Draw; SA-Yeso (Assoc)
Property Code <38919>	Property Name PAINT 32 FEE	Well Number 2H
OGRID No. 221937 229137	Operator Name COG OPERATING, LLC	Elevation 3400'

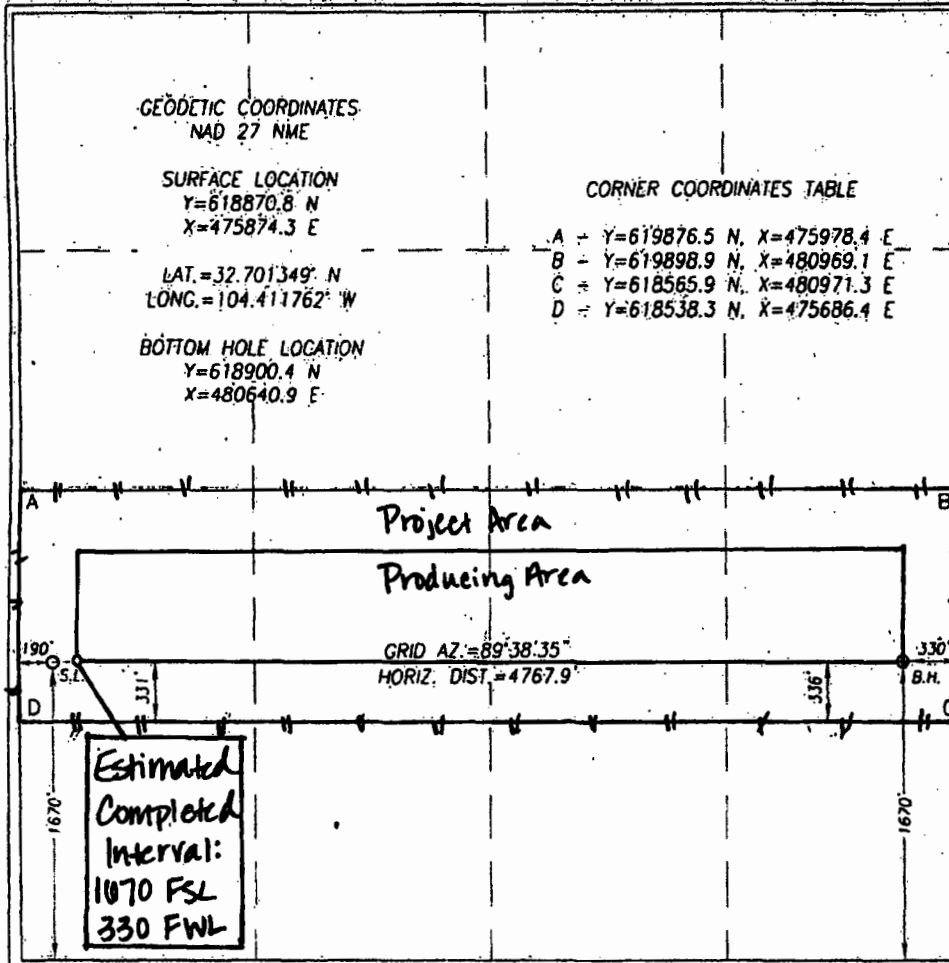
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	32	18-S	26-E		1670	SOUTH	190	WST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	32	18-S	26-E		1670	SOUTH	330	EAST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

[Signature] 9-12-13
Signature Date

Kelly J. Holly
Printed Name

kholly@concho.com
E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JULY 15, 2013
Date of Survey

[Signature]
Signature & Seal of Professional Surveyor.

RONALD J. EIDSON
NEW MEXICO
3239
Professional Surveyor
Certificate Number 3239
Date of Expiration 12/01/18/2013
BKL

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
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DISTRICT II
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DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6176 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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Santa Fe, New Mexico 87505

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Revised August 1, 2011
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-39974	Pool Code 50270	Pool Name Penasco Draw, SA-Yeso (ASSOC)
Property Code 38919	Property Name PAINT 32 FEE	Well Number 3H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3393'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	32	18-S	26-E		1040	SOUTH	190	WEST	EDDY

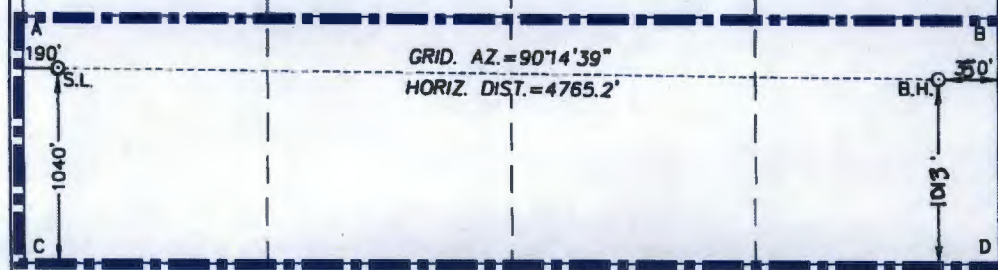
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	32	18-S	26-E		1013	SOUTH	350	EAST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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<p>CORNER COORDINATES TABLE</p> <p>A - Y=618538.3 N, X=475686.4 E B - Y=618565.9 N, X=480971.3 E C - Y=617200.0 N, X=475694.4 E D - Y=617232.9 N, X=480973.6 E</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=618241.0 N X=475878.1 E</p> <p>LAT.=32.699618° N LONG.=104.411748° W</p> <p>BOTTOM HOLE LOCATION Y=618220.6 N X=480642.0 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>KC</i> 2/26/13 Signature Date Kancia Castillo Printed Name kcastillo@concho.com E-mail Address</p>
		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JANUARY 18, 2012</p> <p>Date of Survey Signature & Seal of Professional Surveyor: <i>Ronald J. Eidson</i> 1/19/2012 Certification Number: Ronald J. Eidson 3239 BKL REL W.O. 12641 REL W.O. 12641 JWSC W.O.: 12.13.1687</p>



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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-39624	Pool Code 50270	Pool Name Penasco Draw; San Andres-Yeso
Property Code 38919	Property Name PAINT 32 FEE	Well Number 4H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3386'

Surface Location


UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	32	18-S	26-E		380	SOUTH	190	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	32	18-S	26-E		423	SOUTH	349	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>CORNER COORDINATES TABLE</p> <p>Ⓐ - Y=618538.3 N, X=475686.4 E</p> <p>Ⓑ - Y=618565.9 N, X=480971.3 E</p> <p>Ⓒ - Y=617200.0 N, X=475694.4 E</p> <p>Ⓓ - Y=617232.9 N, X=480973.6 E</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=617581.2 N X=475882.1 E</p> <p>LAT.=32.697804° N LONG.=104.411734° W</p> <p>BOTTOM HOLE LOCATION Y=617610.8 N X=480643.0 E</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p style="text-align: right;">7/25/12</p> <p>Signature _____ Date _____</p> <p>Brian Maiorino Printed Name _____</p> <p>bmaiorino@concho.com E-mail Address _____</p>
		<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p style="text-align: center;">OCTOBER 12, 2011</p> <p>Date of Survey _____ Signature & Seal of Professional Surveyor: _____</p> <p style="text-align: center;">  </p> <p>Certificate Number Gary G. Eidson 12641 Ronald J. Eidson 3239</p> <p>AF JWSC W.O.: 11.11.2110</p>

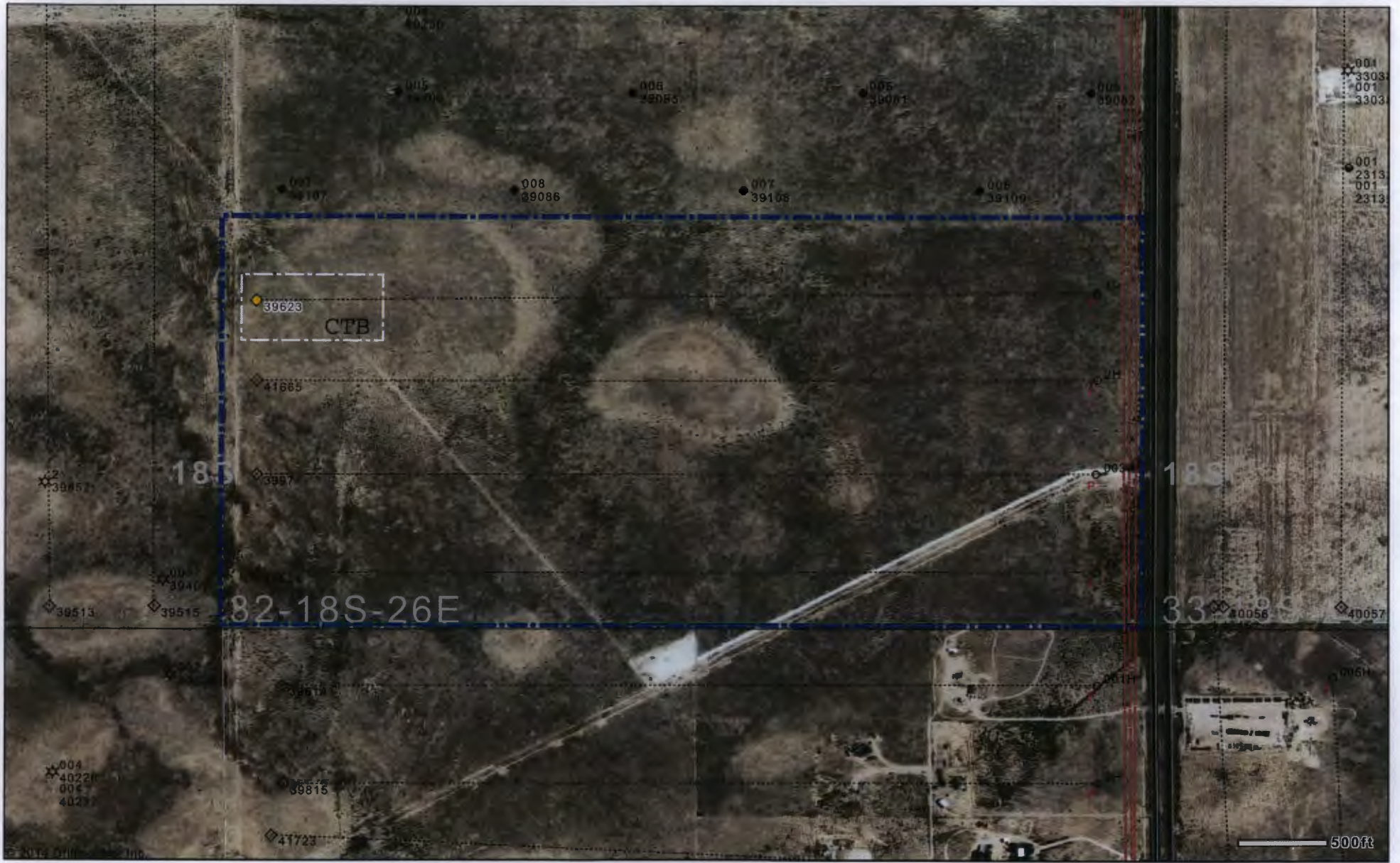
90° S.L.

GRID AZ. = 89°38'35"
HORIZ. DIST. = 4762.3'

B.H.349

423'

Paint 32 Fee CTB Map



Affidavit of Fact

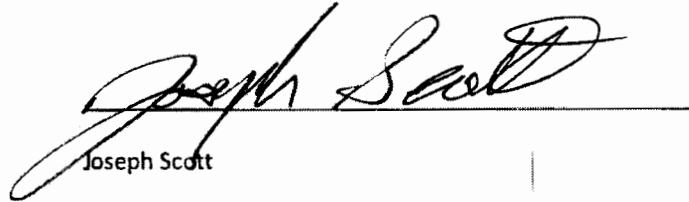
STATE OF TEXAS §

COUNTY OF MIDLAND §

Affiant on oath swears that the following statements are true:

My name is Joseph Scott. I am a Landman for COG Operating LLC. I am familiar with the ownership of the Paint Lease, which is situated in South half of Section 32, Township 18 South, Range 26 East, Eddy County, New Mexico. I hereby confirm that the working interests, overriding interests and royalty interests on this lease are common.

Affiant

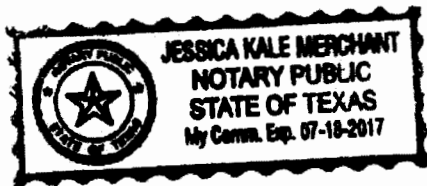

Joseph Scott

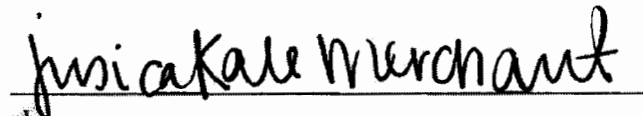
SUBSCRIBED AND SWORN TO before me on the 9 day of June, 2014.

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 9 day of June, 2014, by Joseph Scott, Notary Public for the State of Texas.




Notary Public, State of Texas