

06/17/2014 DATE IN	SUSPENSE	MEMANA ENGINEER	06/17/2014 LOGGED IN	CTB SCM TYPE	PEH1416857243 APP NO.
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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.

Caden Jameson
Print or Type Name

Caden Jameson
Signature

Permitting Specialist
Title

4/28/14
Date

cjameson@concho.com
e-mail Address



COG Operating, LLC
Caden Jameson
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

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

RE: Surface Commingle

Dear Mr. Ezeanyim,

COG Operating LLC respectfully requests approval for a surface commingle for the following oil and gas wells:

Stonewall 9 Fee 2H
Eddy County, NM
Surface: 150' FNL & 1700' FWL, Sec. 9
T19S, R26E, Unit C
API# 30-015-39778

Stonewall 9 Fee 4H
Eddy County, NM
Surface: 150' FNL & 990' FEL, Sec. 9
T19S, R26E, Unit A
API# 30-015-39779

COG Operating LLC respectfully requests to send all future production from the wells identified above to the Stonewall 9 Fee 4H CTB.

The wells listed above will produce to a tank battery located on the Stonewall 9 Fee 4H well site operated by COG Operating LLC. Production will be measured using well tests using an isolated Three Phase, Test Separator to meter oil, water, and gas set upstream of all sale points, holding tanks, and water tank. Monthly production totals and weekly well tests will be calculated using calibrated meters on the Free Water Knockout. Please see attached Operation description for further detail.

I have attached the notice sent certified mail to all interest owners, a diagram of our battery facility, and map of lease boundaries showing well and facility locations.

Please contact me at 432-254-5559 should you have any questions.

Sincerely,

Caden Jameson
Permitting Specialist
COG Operating LLC

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

Form C-107-B
Revised August 1, 2011

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: One Concho Center, 600 W. Illinois Ave, Midland, TX 79707
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

- (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. Atoka;Glorieta-Yeso
(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) Monthly Well Tests

(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

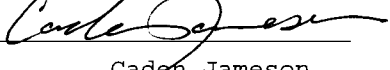
- (1) Is all production from same source of supply? ☒ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

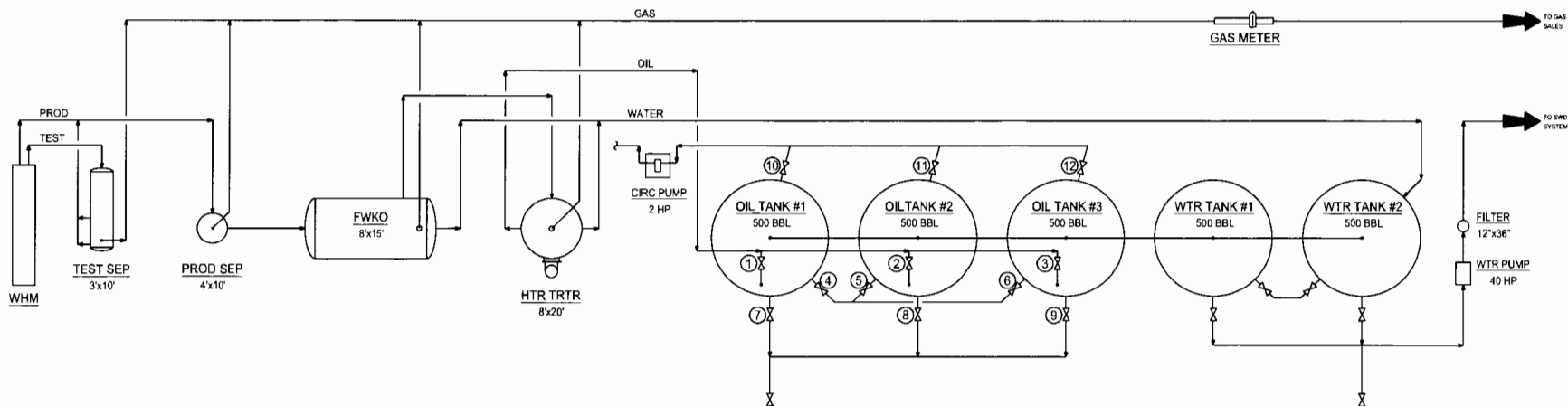
- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE:  TITLE: Permitting ROW Spec. DATE: 5/27/14
TYPE OR PRINT NAME Caden Jameson TELEPHONE NO.: 432-254-5559
E-MAIL ADDRESS: cjameson@concho.com

STONEWALL 9 FEE 4H BATTERY
SECTION 9, T19S, R26E, UNIT A
EDDY COUNTY, NM

WELLS:
STONEWALL 9 FEE #002H: 30-015-39778
STONEWALL 9 FEE #004H: 30-015-39779



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

Production Phase - Oil Tank #1

- Valve 1 open
- Valves 2 and 3 closed
- Valves 4, 5, and 6 open
- Valves 7, 8, and 9 closed
- Valves 10, 11, and 12 closed

Sales Phase - Oil Tank #1

- Valve 1 closed
- Valves 2 or 3 open
- Valve 4 closed
- Valves 5 and 6 open
- Valve 7 open
- Valves 8 and 9 closed
- Valves 10, 11, and 12 closed

NOTES:

CONFIDENTIALITY NOTICE

THIS DRAWING IS PROPERTY OF COG OPERATING LLC AND IS LOANED TO THE BORROWER FOR CONFIDENTIAL USE ONLY AND IS SUBJECT TO RETURN UPON REQUEST AND SHALL NOT BE REPRODUCED, COPIED, LENT OR OTHERWISE DISPOSED OF DIRECTLY OR INDIRECTLY, NOR USED FOR ANY PURPOSE OTHER THAN THAT WHICH IT IS SPECIFICALLY FURNISHED.

REFERENCE DRAWINGS

NO.	TITLE
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	

COG OPERATING LLC
600 WEST ILLINOIS AVENUE
MIDLAND, TEXAS 79701

REVISIONS

NO.	DATE	DESCRIPTION	BY	CHK.	APP.
1	06/01/12	ISSUE FOR SITE PERMITTING	CRB		
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

ENGINEERING RECORD

BY	DATE
CRB	06/01/12
CRB	06/01/12
CRB	
CRB	
CRB	
CRB	
CRB	
CRB	
CRB	
CRB	
CRB	
CRB	

CONCHO
NEW MEXICO SHELF ASSET
PRODUCTION FACILITIES
SITE FACILITY DIAGRAM
STANDARD TANK BATTERY "A"
EDDY COUNTY
TOWNSHIP/RANGE
SCALE: NONE
DWG NO. D-1700-81-005
REV A

Zone Name	Pool Name	Prod Date	Days Up	Oil Prod	Gas Prod	Water Prod
Stonewall 9 Fee 2H	Atoka; Gloriets Yeso	Not Currently producing				
		N/A	0	0	0	0
Stonewall 9 Fee 4H	Atoka; Gloriets Yeso	Not Currently producing				
		N/A	0	0	0	0

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 137749

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-39778	2. Pool Code 3250	3. Pool Name ATOKA;GLORIETA-YESO
4. Property Code 38976	5. Property Name STONEWALL 9 FEE	6. Well No. 002H
7. OGRID No. 229137	8. Operator Name COG OPERATING LLC	9. Elevation 3346

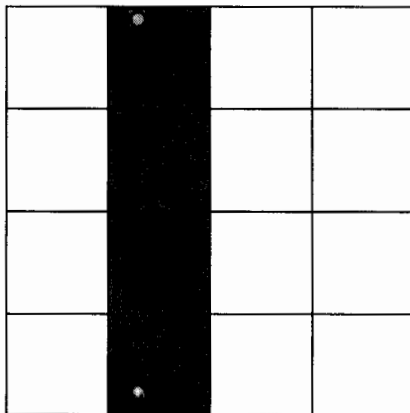
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	9	19S	26E		150	N	1700	W	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	9	19S	26E	N	330	S	1700	W	EDDY
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

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 contained 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(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Diane Kuykendall
Title: Production Reporting Mgr
Date: 12/14/2011

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.

Surveyed By: Gary Eidson
Date of Survey: 11/7/2011
Certificate Number: 12641

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 137751

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-39779	2. Pool Code 3250	3. Pool Name ATOKA;GLORIETA-YESO
4. Property Code 38976	5. Property Name STONEWALL 9 FEE	6. Well No. 004H
7. OGRID No. 229137	8. Operator Name COG OPERATING LLC	9. Elevation 3339

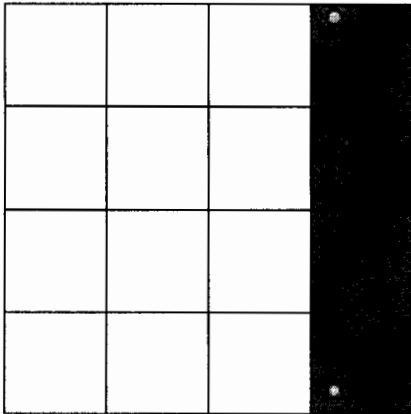
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	9	19S	26E		150	N	1040	E	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	9	19S	26E	P	330	S	1040	E	EDDY
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

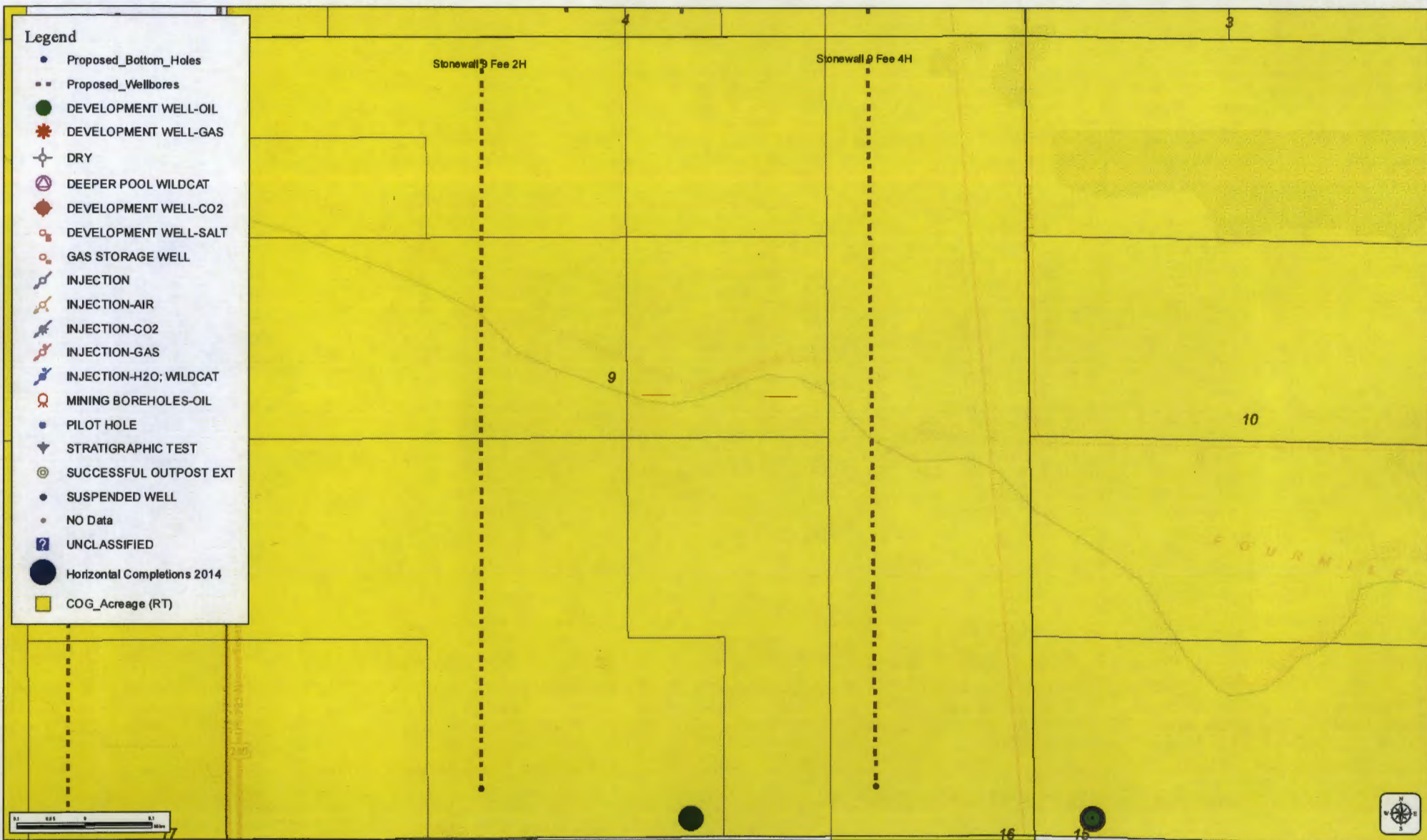
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained 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(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Diane Kuykendall Title: Production Reporting Mgr Date: 12/14/2011</p> <hr/> <p style="text-align: center;">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>Surveyed By: Gary Eidson Date of Survey: 11/7/2011 Certificate Number: 12641</p>
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Legend

- Proposed_Bottom_Holes
- - - Proposed_Wellbores
- DEVELOPMENT WELL-OIL
- ✱ DEVELOPMENT WELL-GAS
- ✱ DRY
- ⊙ DEEPER POOL WILDCAT
- ⊙ DEVELOPMENT WELL-CO2
- ⊙ DEVELOPMENT WELL-SALT
- ⊙ GAS STORAGE WELL
- ⊙ INJECTION
- ⊙ INJECTION-AIR
- ⊙ INJECTION-CO2
- ⊙ INJECTION-GAS
- ⊙ INJECTION-H2O; WILDCAT
- ⊙ MINING BOREHOLES-OIL
- PILOT HOLE
- ✱ STRATIGRAPHIC TEST
- ⊙ SUCCESSFUL OUTPOST EXT
- SUSPENDED WELL
- NO Data
- ⊙ UNCLASSIFIED
- Horizontal Completions 2014
- COG_Acreage (RT)



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

1. 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.

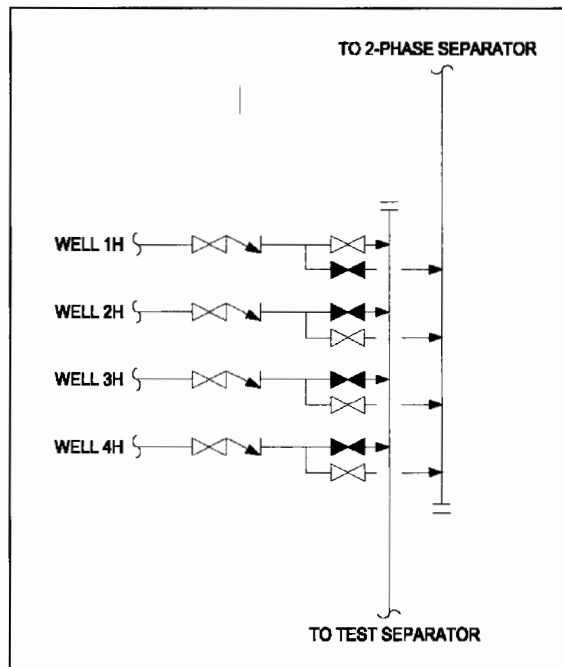


Figure 1: Test/Production Header Diagram

2. 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.

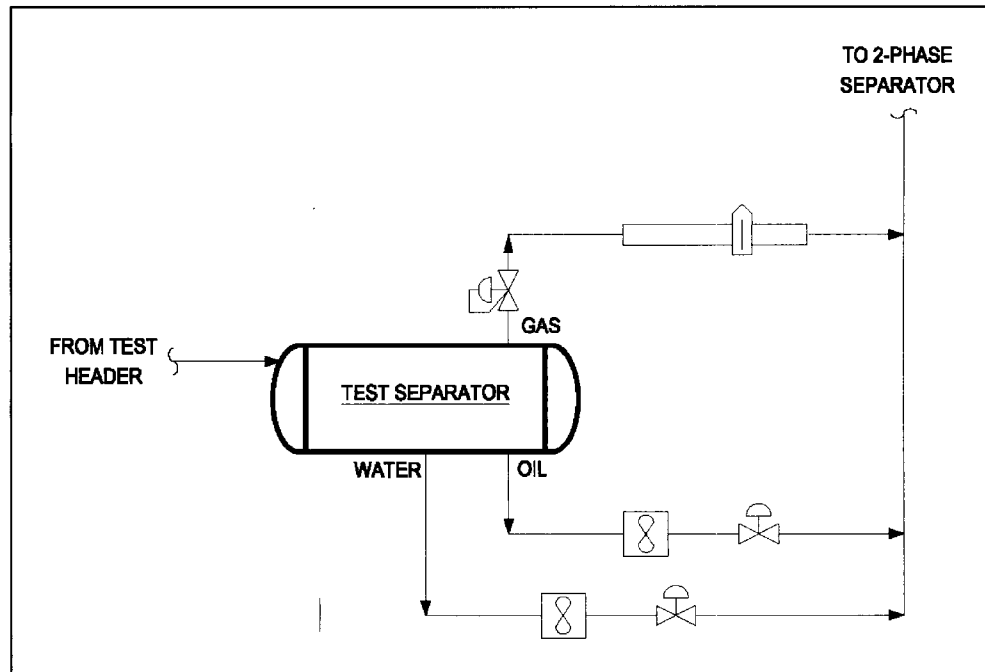


Figure 2: Test Separator with 3-Phase Metering

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.

RE: Request for Surface Commingle

To Whom It May Concern:

This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Surface Commingle of production from the following wells to the Stonewall 9 Fee 4H Central Tank Battery:

Stonewall 9 Fee 2H
Eddy County, NM
Surface: 150' FNL & 1700' FWL, Sec. 9
T19S, R26E, Unit C
API# 30-015-39778

Stonewall 9 Fee 4H
Eddy County, NM
Surface: 150' FNL & 990' FEL, Sec. 9
T19S, R26E, Unit A
API# 30-015-39779

Should you or your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice to the New Mexico Oil Conservation Division at the following address: 1220 S St. Francis Drive, Santa Fe, New Mexico 87505. The Division Director may approve the Surface Commingle if no objection has been made within the 20 days after the application has been received. Please do not hesitate to reach us with any questions at the phone number given below

Sincerely,

Caden Jameson
432.254.5559
Permitting Specialist
COG Operating LLC

*This letter was sent to all
parties with interests in these wells.*
Caden Jameson

LEGAL NOTICE

COG Operating LLC is applying for a surface commingle with the New Mexico Oil Conservation Division to produce 2 oil and gas wells into a central tank battery consisting of separate leases in Eddy County, New Mexico. The 2 wells are producing from the Atoka/Glorieta Yeso Pool and named as follows:

Stonewall 9 Fee 2H

Eddy County, NM

Surface: 150' FNL & 1700' FWL, Sec. 9

T19S, R26E, Unit C

API# 30-015-39778

Stonewall 9 Fee 4H

Eddy County, NM

Surface: 150' FNL & 990' FEL, Sec. 9

T19S, R26E, Unit A

API# 30-015-39779

Interested parties must file objections or requests for hearing with the New Mexico Oil Conservation Division 1220 South Saint Francis Dr. Santa Fe, NM 87505 within 20 days. Additional information can be obtained by contacting Caden Jameson, COG Operating LLC, 600 West Illinois Ave, Midland, TX 79701. Phone 432.254.5559

Published in the Artesia Daily Press, Artesia, N.M., June 10 2014 Legal No. 23021.