

10/02/2014	SUSPENSE	MAH	10/02/2014	DHC	PMAM14 2755.7634
DATE IN		ENGINEER	LOGGED IN	NSL	PMAM14 27556790

ABOVE THIS LINE FOR DIVISION USE ONLY

CLARIFY
1st
Renovation
Point

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.

Melanie J. Parker
Print or Type Name

Melanie J. Parker
Signature

Regulatory Analyst
Title

10/02/2014
Date

mparker@concho.com
e-mail Address

- NSL 7167
- DHC 4706
- COG OPERATING, LLC
229137
Well
- SRO state com
63H
30-015-41742
Pool
- HAY HOLLOW
Bone Spring
30215
- Red Bluff
Bone Spring
South
51010

DISTRICT I
1625 N. FRANCHIS DR., BOHNS, NM 88240
Phone: (505) 882-6161 Fax: (505) 882-6788

DISTRICT II
811 E. FIRST ST., ARTERIA, NM 88210
Phone: (505) 748-1223 Fax: (505) 748-9785

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) 476-3488 Fax: (505) 476-3483

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-41742	Pool Code 51010 / 30215	Pool Name Red Bluff, Bone Spring, South / Hay Hollow, Bone Spring
Property Code 40112	Property Name SRO STATE COM	Well Number 63H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3011.9'

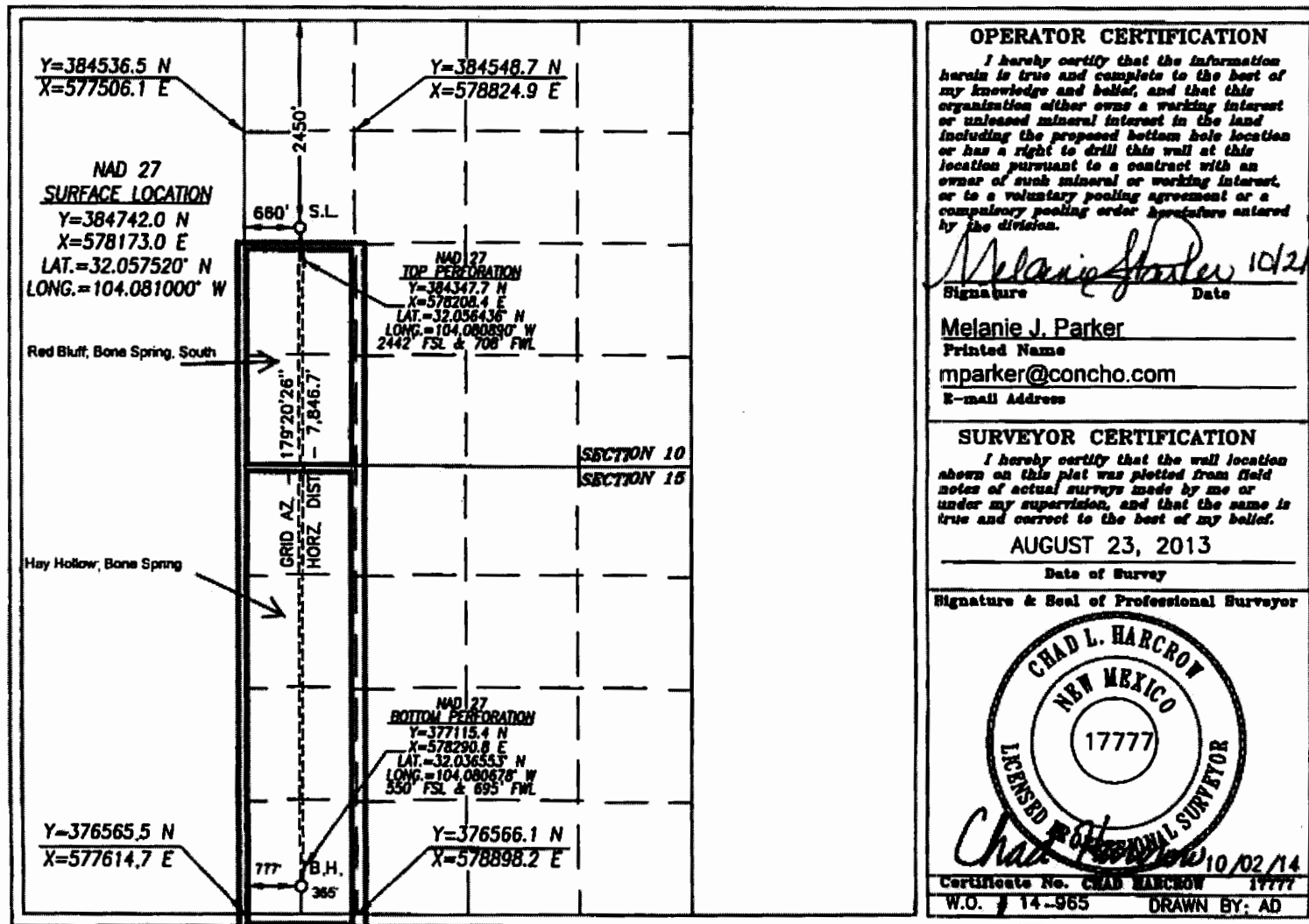
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	26-S	28-E		2450	NORTH	660	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
M	15	26-S	28-E		365	SOUTH	777	WEST	EDDY
Dedicated Acres 240.0	Joint or Infill	Consolidation Code	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**





Aaron Myers
Senior Landman

September 30, 2014

Mr. Michael A. McMillan
Engineering and Geological Services Bureau
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: SRO State Com #63H & #64H wells
Sec. 10 T26S, R28E: All
Sec. 15 T26S, R28E: All
Eddy County, New Mexico

Mr. McMillan,

Pursuant to our conversation earlier today please accept this letter as evidence of COG Operating LLC's ("COG") operatorship in the W/2W/2 of Sections 10 & 15, Township 26S, R28E, Eddy County, New Mexico.

COG's operatorship is established under an operating agreement covering all of Sections 10 & 15, Township 26 South, Range 28 East, Eddy County New Mexico, wherein COG is named the operator of the contract area. The working interests, net revenue interests and overriding royalty interests are the same across all of Sections 10 & 15.

Should you have any questions or need anything further, please feel free to contact me at 432.688.6674. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to be "A. Myers", written over a horizontal line.

Aaron Myers



October 2, 2014

Certified Mail – Return Receipt No. 7013 3020 0000 8749 8286

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Michael McMillan

Re: Application for Unorthodox Well Location and Downhole Commingling
SRO State Com #63H API No. 30-015-41742
SHL: 2450' FNL & 660' FWL (Unit E) Section 10, T26S, R28E
First take point: 2442' FSL & 708' FWL (Unit L) Section 10, T26S, R28E
BHL: 365' FSL & 777' FWL (Unit M) Section 15, T26S, R28E
Eddy County, New Mexico

Dear Michael:

Pursuant to Division Rule 19.15.15.13, COG Operating LLC (COG) respectfully requests administrative approval of an unorthodox oil well location for its SRO State Com #63H well. This well does not meet the 330' from the outer boundary of the project area requirement. The well was completed with the first perforation at 2442' FSL & 708' FWL, due to miscalculation during the completion procedure.

COG also requests administrative approval to downhole commingle production from two adjacent pools that this well bore penetrates. The Section 10 portion of the well bore (Units L & M) is in the Red Bluff; Bone Spring, South pool and the Section 15 portion of the well bore (Units D, E, L & M) is in the Hay Hollow; Bone Spring pool. A completed Form C-107A is attached.

COG is the designated operator of all of the offset tracts, therefore no notice is necessary. A letter from COG's landman, Aaron Myers is attached stating that ownership is common throughout both sections and the COG is the operator of both sections under an operating agreement. A copy of this letter has been sent by certified mail, return receipt requested, to the New Mexico State Land Office.

Attached is a Form C-102 showing the project area and the first and last take points of this well.

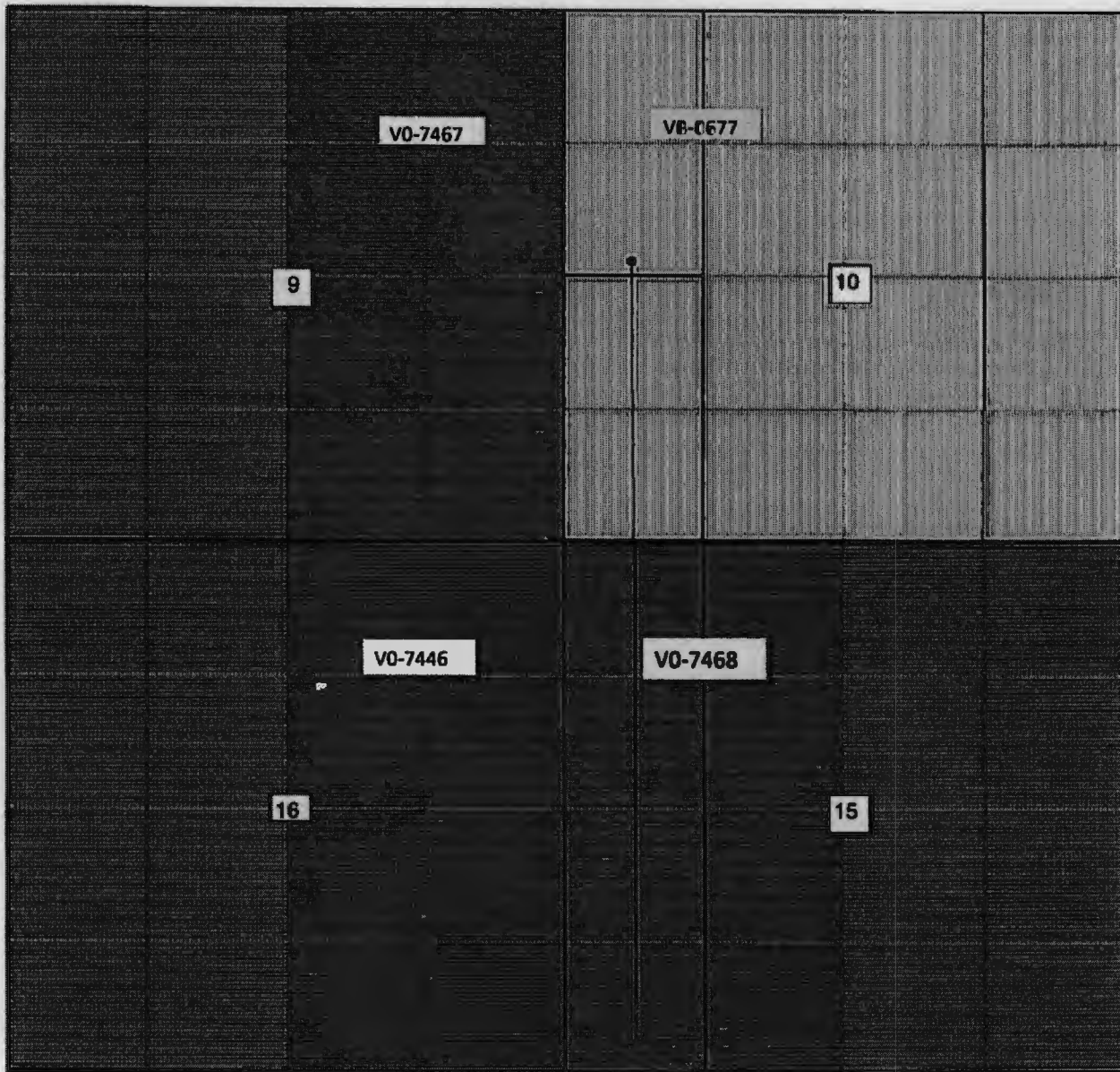
Thank you for your consideration of this application. Should you have questions or require further information, please contact me at 575-748-6952 or by email at mparker@concho.com.

Sincerely,





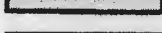


A handwritten signature in black ink, appearing to read "Melanie J. Parker".

Melanie J. Parker
Lead Regulatory Analyst

SRO State Com #63H
Application for Downhole Commingling
Offset Acreage Identification



Sections 9, 10, 15 & 16, Township 26 South, Range 28 East

-  **Project Area**
-  **Red Bluff; Bone Spring, South pool**
-  **Hay Hollow; Bone Spring pool**
-  **V0-7467 Subject to Joint Operating Agreement naming COG Operating LLC as Operator**
-  **VB-0677 Subject to Joint Operating Agreement naming COG Operating LLC as Operator**
-  **V0-7468 Subject to Joint Operating Agreement naming COG Operating LLC as Operator**
-  **V0-7446 Subject to Joint Operating Agreement naming COG Operating LLC as Operator**

2208 W Main Street, Artesia, NM 88210

Operator
SRO State Com

63H

Address
Unit E, Section 10, T26S, R28E

Eddy County, NM

Lease	Well No.	Unit Letter-Section-Township-Range	County
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OGRID No. 229137 Property Code 40112 API No. 30-015-41742 Lease Type: Federal X State Fee

DATA ELEMENT	UNITS L&M, SECTION 10	UNITS D,E,L&M, SECTION 15	
Pool Name	Red Bluff; Bone Spring, South	Hay Hollow; Bone Spring	
Pool Code	51010	30215	Note: This commingling application is to commingle two pools in the same formation. This is a horizontal wellbore and the entire producing interval is 8061-8086' TVD Perfs are 8251-15520' MD
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	TVD Horizontal Wellbore – 8061-8086' Perfs – 8251-15520' MD	TVD Horizontal Wellbore – 8061-8086' Perfs – 8251-15520' MD	
Method of Production (Flowing or Artificial Lift)	Artificial lift	Artificial lift	
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone.)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	44.8 degrees API	44.8 degrees API	
Producing, Shut-In or New Zone	Producing	Producing	
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Acres: 80 acres Date: Rates:	Acres: 160 acres Date: Rates:	
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 33% 33 %	Oil Gas 67% 67 %	Allocation of production of this well will be based on acreage instead of production. Total dedicated acreage is 240 acres.

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes X No _____
Yes _____ No _____

Are all produced fluids from all commingled zones compatible with each other?

Yes X No _____

Will commingling decrease the value of production?

Yes _____ No **X** _____

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes X No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 Production curve for each zone for at least one year. (If not available, attach explanation.)
 For zones with no production history, estimated production rates and supporting data.
 Data to support allocation method or formula.
 Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
 Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

McMillan, Michael, EMNRD

From: Melanie Parker <MParker@concho.com>
Sent: Thursday, October 02, 2014 3:17 PM
To: McMillan, Michael, EMNRD
Subject: NSL & DHC APPLICATIONS - SRO STATE COM #63H & #64H

Hi Mike,

The allocation of production between the two pools involved was calculated on an acreage basis as follows:

<u>Pool</u>	<u>Acres</u>	<u>Allocation Calculation</u>	
Red Bluff; Bone Spring, South pool	80	$80/240 = .33333$	33%
Hay Hollow; Bone Spring pool	160	$160/240 = .66667$	67%
Total Acreage	240		

If you need anything further, please let me know!

Thank you!

Melanie

From: Melanie Parker
Sent: Thursday, October 02, 2014 3:05 PM
To: McMillan, Michael, EMNRD (Michael.McMillan@state.nm.us)
Subject: NSL & DHC APPLICATIONS - SRO STATE COM #63H & #64H

Hi Mike,

Attached are the packages for the NSL & DHC Applications for the SRO State Com #63H and #64H wells. Please let me know if I need to change anything or send more information. I will wait to hear from you before I put the originals in the mail to you.

Thank you for your help. I really appreciate it!

Melanie J. Parker

Lead Regulatory Analyst
NM Basin Team

COG Operating LLC

2208 West Main Street
Artesia NM 88210
Phone: 575-748-6952



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