

RECEIVED: <u>05/07/18</u>	REVIEWER: <u>LRL</u>	TYPE: <u>NSL</u>	APP NO: <u>pLEL1813856696</u>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & 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

**Applicant:** COG Operating LLC **OGRID Number:** 229137  
**Well Name:** Vast State #23H **API:** 30-025-43552  
**Pool:** Sanders Tank; Upper Wolfcamp **Pool Code:** 98097

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
 A. Location - Spacing Unit - Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]  
 [ I ] Commingling - Storage - Measurement  
 DHC     CTB     PLC     PC     OLS     OLM  
 [ II ] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.  
 A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

<b>FOR OCD ONLY</b>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **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.**

Debra L. Wilbourn

Print or Type Name

Debra L. Wilbourn

Signature

05/07/18  
Date

575-748-6958  
Phone Number

dwilbourn@concho.com  
e-mail Address



May 7, 2018

Oil Conservation Division  
Attention: Mr. Leonard Lowe  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application for Non-standard Well Location  
Vast State #23H – API #30-025-43552  
SHL: 210' FSL 1205' FEL (Unit P), Section 17-T26S-R33E  
FTP: 493' FSL 1319' FEL (Unit P), Section 17-T26S-R33E  
BHL: 200' FNL 1305' FEL (Unit A), Section 17-T26S-R33E  
LTP: 355' FNL 1318' FEL (Unit A), Section 17-T26S-R33E  
Lea County, NM

Dr. Mr. Lowe:

COG Production LLC (COG) respectfully requests administrative approval of an unorthodox oil well location for its Vast State #23H. The producing interval of this well does not meet the 330' from the outer boundary of the producing area requirement. Attached is a Form C-102 showing the project area and the producing area of this well.

The Vast State horizontal wells were spaced within this area of development to provide for efficient and maximum recovery of production from the Wolfcamp horizon. As can be seen on the enclosed lease map, this plan of development placed the Vast State #23H wellbore and LTP at an unorthodox location. COG drilling group drilled the lateral portion of this wellbore at a non-standard footage from the east quarter-section line of Section 17-T26S-R33E, therefore, we are seeking approval to also stimulate and produce the well from this non-standard footage.

Tract 1 affected offset area for the non-standard wellbore is the W/2E/2 Section 17. COG is operator and sole working interest owner in the offset acreage, as well as the acreage in the entire E/2 of Section 17. A letter to that effect from the COG landman is included with this application. Tract 2 affected offset area is the SW/4SE/4 of Section 8-T26S-R23E. Occidental Permian LP (OXY) is the federal lessee/operator of this tract. OXY has provided COG with a letter waiving any objection to this planned non-standard wellbore.

Thank you for your consideration of this application. Should you have questions or require further information, please contact me at 575-748-6958 or by email at [dwilbourn@concho.com](mailto:dwilbourn@concho.com).

Sincerely,

A handwritten signature in blue ink that reads "Debora L. Wilbourn".

Debora L. Wilbourn  
Regulatory Analyst

Enclosure

Cc: OCD Artesia

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CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701  
P432.683.7443 | F432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210  
P575.748.6940 | F575.746.2096

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) 748-1253 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) 476-3480 Fax: (505) 476-3482

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 <b>30-025-43552</b>	Pool Code <b>98097</b>	Pool Name <b>Sanders Tank; Upper Wolfcamp</b>
Property Code <b>315647</b>	Property Name <b>VAST STATE</b>	Well Number <b>23H</b>
OGRID No. <b>229137</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3261.3'</b>

Surface Location

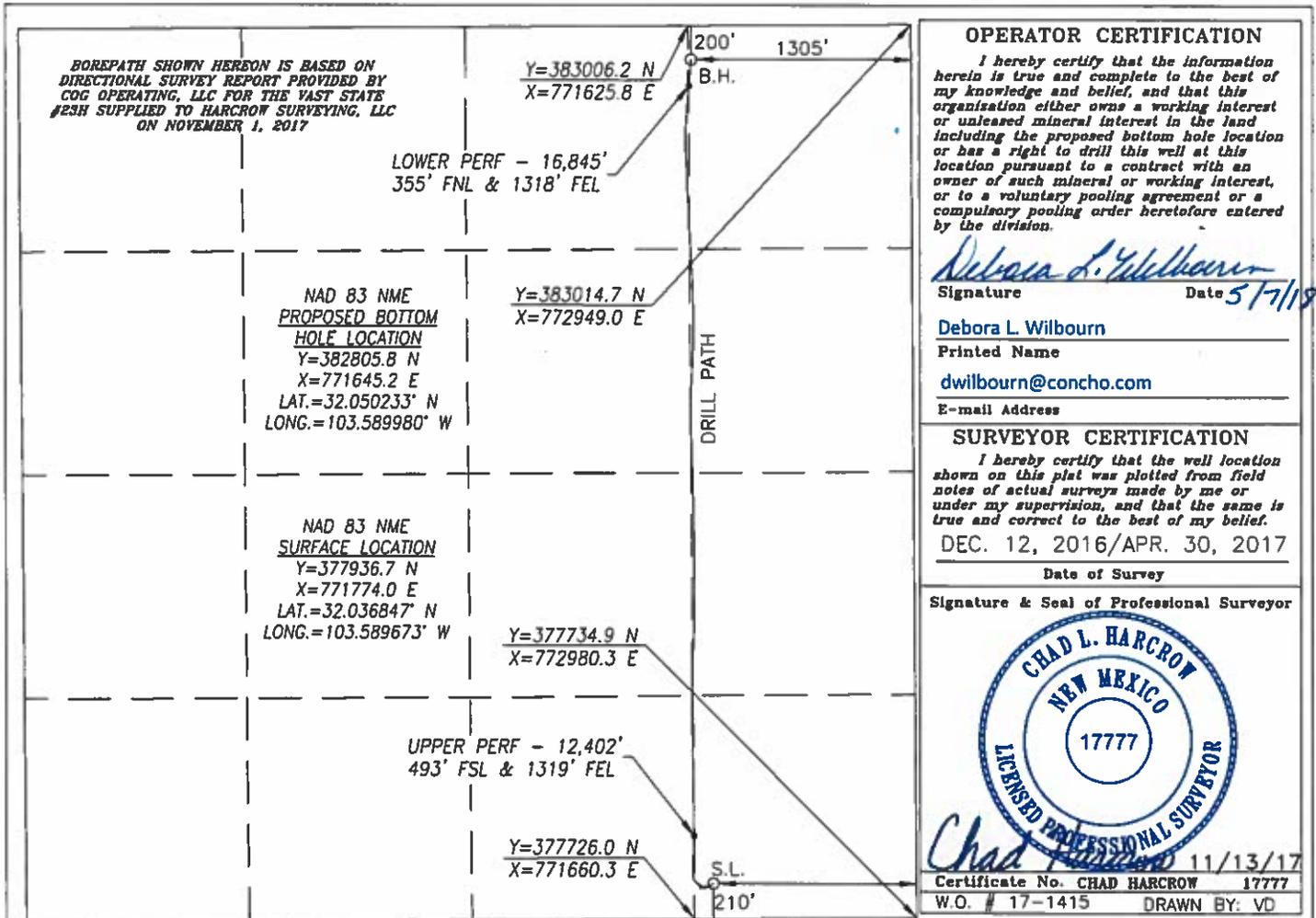
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	26-S	33-E		210	SOUTH	1205	EAST	LEA

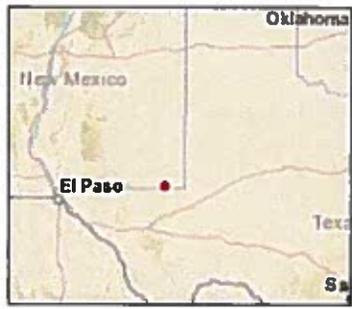
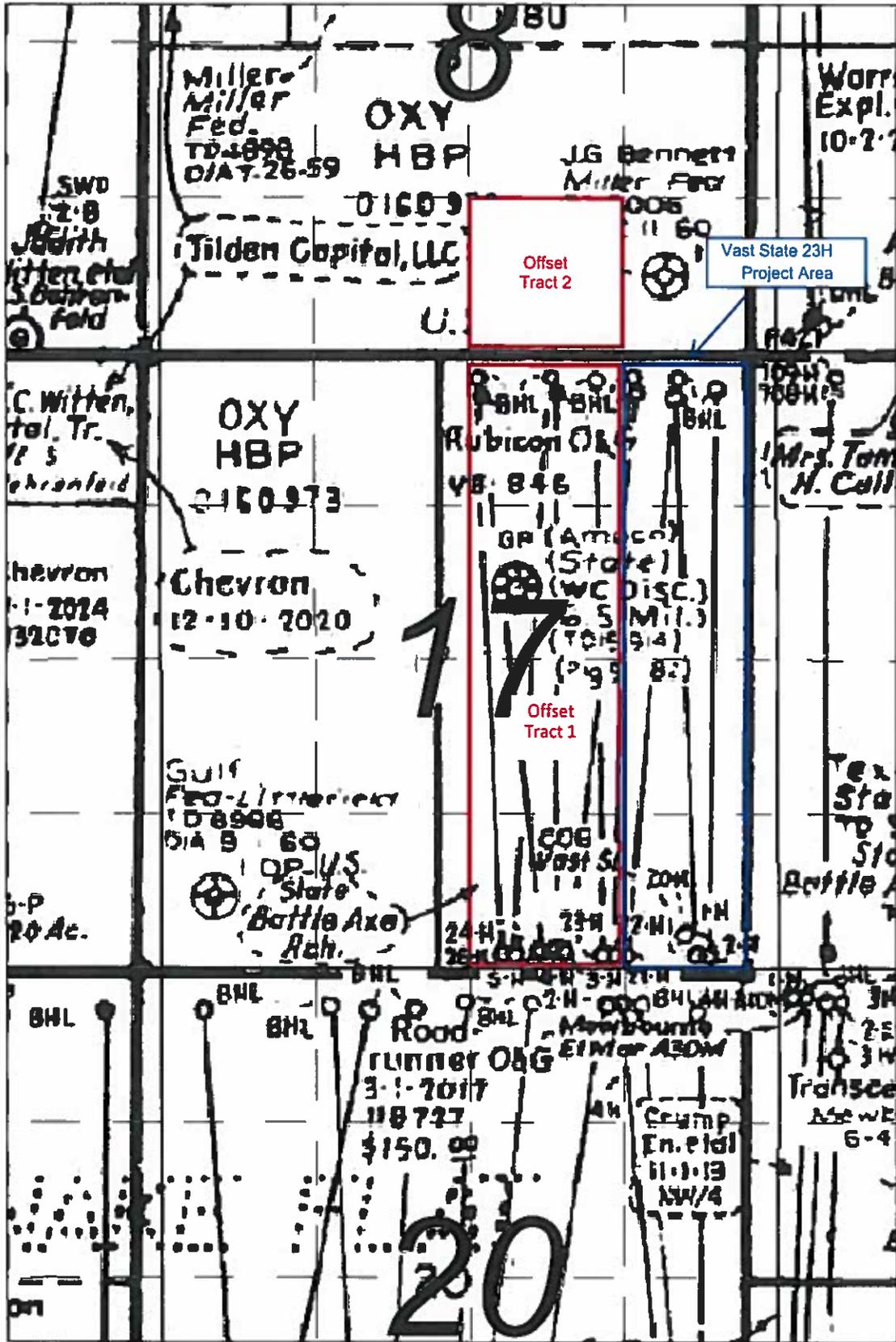
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	17	26-S	33-E		200	NORTH	1305	EAST	LEA

Dedicated Acres <b>160</b>	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





- Legend**
- Lea\_NE\_1\_11\_2014
    - Red: Band\_1
    - Green: Band\_2
    - Blue: Band\_3
  - Lea\_NE\_2\_11\_2014
    - Red: Band\_1
    - Green: Band\_2
    - Blue: Band\_3
  - Lea\_NW\_1\_11\_2014
    - Red: Band\_1
    - Green: Band\_2
    - Blue: Band\_3
  - Lea\_NW\_2\_11\_2014
    - Red: Band\_1
    - Green: Band\_2
    - Blue: Band\_3
  - SE Lea 10\_2017
    - High: 255
    - Low: 0
  - SW Lea 10\_2017
    - High: 255
    - Low: 0



WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere

Map Scale 1:18,055





**Luke Bedrick, CPL**  
Senior Landman  
COG Operating LLC  
One Concho Center  
600 W. Illinois Avenue  
Midland, Texas 79701

**December 5, 2017**

Main: 432-683-7443  
Direct: 432-686-3000  
LBedrick@concho.com

**New Mexico Oil Conservation Division  
Attention: Mr. Leonard Lowe  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505**

**RE: Vast State #23H  
Application for Non-standard Location**

To whom it concerns:

I am the landman at Concho Resources LLC whose area of responsibility includes Section 17 of Township 26 South, Range 33 East, Lea County, New Mexico.

A review of our title records indicates that 100 percent of the ownership of the oil and gas interests in the E/2 of Section 17 (both in ownership and quantum owned) are identical.

Respectfully,

A handwritten signature in blue ink that reads "Luke Bedrick".

**Luke Bedrick  
Senior Landman**



Luke Bedrick, CPL  
Senior Landman

April 23, 2018

Occidental Permian Limited Partnership  
Attn: Jonathan Gonzales  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046

RE: Request for Waiver of Objection – Application for Unorthodox Well Location  
Vasi State #26H – API No. 30-025-43552 "Subject Well"  
Section 17, T26S-R33E  
Lea County, New Mexico

Dear Mr. Gonzales:

COG Operating LLC ("COG") is applying to the NMOCD for the unorthodox well location listed above. COG is respectfully requesting that Occidental Permian Limited Partnership ("OXY") waive its right to protest the Subject Well which might impact OXY's lease in SW4SE4 of Section 8, T26S-R33E of which the Subject Well's LTP is approximately 355' diagonal to OXY's lease. The OCD requires that the diagonal takepoint of a wellbore be no closer than 467' from adjacent diagonal leases boundary lines. In exchange for OXY waiving any objection and agreeing to COG's unorthodox well location, COG shall grant OXY one of the following options:

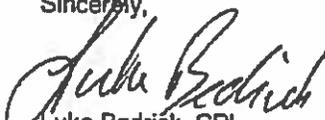
- 1) COG will not protest and will grant like-kind unorthodox well location, if COG drills an offset well with like-kind unorthodox location in Section 8, T26S-R33E, Lea County, New Mexico.
- 2) Reciprocate a like-kind waiver for a future unorthodox OXY well location in New Mexico with a takepoint no closer than 112' diagonally to a COG lease

This reciprocation is valid for a time period being two (2) years from the date of this letter.

By acceptance of this proposal, the terms herein shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

If you are in agreement with these terms, please indicate your acceptance and agreement by executing in the space below and email this document to [LBedrick@concho.com](mailto:LBedrick@concho.com). If there are any questions concerning this request, please call me at 432-686-3000.

Sincerely,

  
Luke Bedrick, CPL  
Senior Landman

Occidental Permian Limited Partnership  
April 23, 2018

I/We hereby waive any objection to the unorthodox well location of the Vast State #23H located in Section 17, T26S-R33E, Lea County, New Mexico and agree to the terms set forth in this letter.

Occidental Permian Limited Partnership

By:   
Name: Bradley S. Dusek  
Title: Attorney-in-fact

J16 Date: 5/3/18  
JB

**From:** Debora Wilbourn  
**To:** [Lowe, Leonard, EMNRD](#)  
**Cc:** [Jones, William V, EMNRD](#)  
**Subject:** Vast State #23H NSL Application  
**Date:** Monday, May 7, 2018 1:42:08 PM  
**Attachments:** [Vast State #23H NSL Application.pdf](#)  
**Importance:** High

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Mr. Lowe,

I have attached COG's NSL Application for the Vast State #23H well. We finally received the Waiver Letter from OXY and it is included in the application. Due to their waiver, we were not required to due notifications.

Please let me know if you have any questions, or need any further information.

Thank you,

*Debora Wilbourn*

Regulatory Analyst II  
North Delaware Basin Asset Team  
[dwilbourn@concho.com](mailto:dwilbourn@concho.com)

575.748.6958

Concho West | 2208 W Main St | Artesia, NM | 88210-3720 | 575.748.6940



NOTICE: The information in this email may be confidential and/or privileged. If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this email and its attachments, if any, or the information contained herein, is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Further, any contract terms proposed or purportedly accepted in this email are not binding and are subject to management's final approval as memorialized in a separate written instrument, excluding electronic correspondence, executed by an authorized representative of COG Operating LLC or its affiliates.



June 12, 2018

**VIA HAND-DELIVERY**

Ms. Heather Riley, Director  
Oil Conservation Division  
New Mexico Department of Energy, Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Reconsideration of the Non-Standard Well Application for the Vast State Well No. 23H**

Dear Ms. Riley:

COG Operating LLC (“COG”) respectfully requests that the New Mexico Oil Conservation Division (“OCD”) reconsider its denial of COG’s application for a Non-Standard Well Location (“NSL”) for the Vast State Well No. 23H (“Vast State”) because the well is not subject to a ten-foot setback requirement, the affected tract operator waived objection to the unorthodox well location, and the ownership is common in the affected tracts.

**I. FACTUAL BACKGROUND**

The Vast State (API #30-025-43552) is an oil well located in the E/2 E/2 of Section 17, Township 26 South, Range 33 East, NMPM, Lea County, and produces from the Wolfcamp formation, Sanders Tank; Upper Wolfcamp Pool (Pool Code 98097). Vast State Plat and Well Diagram (attached as Exhibit A). In order to minimize surface interference, prevent waste throughout the drilling process, and maximize recovery of production, COG pad-drilled a number of wells, including the Vast State. This put Vast State’s wellbore and Last Take Point (“LTP”) at a non-standard footage from the east quarter-section line of Section 17-T26S-R33E. As such, the producing interval of this well does not meet the 330-foot from the outer boundary of the producing area requirement indicated in 19.15.15.9 NMAC. This unorthodox position also put a portion of the Vast State within ten-feet from the quarter-quarter line.

COG and Occidental Permian LP (“OXY”) are the only affected parties. COG is the operator and sole working interest owner in the W/2E/2 Section 17, as well as the acreage in the entire E/2 of Section 17. OXY is the federal lessee/operator in the SW/4SE/4 of Section 8-T26S-R23E. OXY has waived any objection to COG’s non-standard wellbore. Request for Waiver of Objection – Application for Unorthodox Well Location (dated April 23, 2018) (attached as Exhibit B). Additionally, ownership is common in the E/2 of Section 17. Letter from Luke Bedrick to Leonard Lowe (dated Dec. 5, 2017) (attached as exhibit C).

Due to not meeting the 330-foot offset requirement found in 19.15.15.9 NMAC, COG filed for administrative approval of its application for a Non-Standard Well Location of Vast State on May, 7 2018 (attached as Exhibit D). However, the application was denied by the OCD on May 22, 2018 due to the well being within ten feet from the quarter-quarter line. *See* email from Leonard Lowe to Debora Wilbourn (dated May 22, 2018) (attached as Exhibit E).

## **II. NMAC PROVISIONS AS APPLIED TO VAST STATE**

### **A. Vast State is not bound to a ten-foot setback requirement because it is governed by 19.15.15.9 NMAC.**

19.15.15.9 NMAC governs oil wells located in primary recovery projects. It requires development wells for a defined oil pool to be “located on a spacing unit consisting of approximately 40 contiguous surface acres . . . .” 19.15.15.9(A) NMAC. The provision further articulates that the well “shall be located no closer than 330 feet to a boundary of the unit.” *Id.* However, unlike 19.15.15.10 NMAC and 19.15.15.13 NMAC, a ten-foot setback requirement has not been written into 19.15.15.9 NMAC.

Here, 19.15.15.9 NMAC governs the Vast State because it is an oil well located in a primary recovery project. The Vast State is a development well for the Upper Wolfcamp pool – an OCD designated oil pool. Ex. A at 1. The well is located in the E/2 E/2 of Section 17, Township 26 South, Range 33 East, NMPM, Lea County – which is approximately a 40 acre tract. *Id.* Due to the method by which the project was carried out, Vast State’s producing interval was placed inside of the 330-foot boundary of the unit. Ex. D. Although, this also placed a portion of the Vast State within ten feet from the quarter-quarter line, there is no ten-foot setback requirement in 19.15.15.9 NMAC to apply against the well.

### **B. The ten-foot setback requirements in 19.15.15.10 and 19.15.15.13 NMAC do not apply to Vast State because it is an oil well located in a primary recovery project.**

19.15.15.10 NMAC requires gas wells to have a ten-foot setback from any quarter-quarter (interior) boundary. Specifically, the requirement is set forth in Subsection A of 19.15.15.10 NMAC: “each development well for a *defined gas pool*. . . shall be located no closer than . . . 10 feet to a *quarter-quarter section line or subdivision inner boundary*.” 19.15.15.10(A) NMAC (Emphasis added). However, this provision’s ten-foot setback requirement does not apply to Vast State because it is an oil well.

Similarly, 19.15.15.13 NMAC requires unorthodox wells located in secondary or tertiary recovery projects or pressure maintenance projects to have a ten-foot setback. Subsection A of 19.15.15.13 NMAC states that: “[w]ell locations within a *secondary recovery, tertiary recovery or pressure maintenance project* . . . that are unorthodox based on 19.15.15.9 NMAC’s requirements . . . are authorized, provided that the unorthodox location within the project is . . . no closer than 10

*feet to a quarter-quarter section line or subdivision inner boundary.” 19.15.15.13(A) NMAC (Emphasis added). This provision does not apply to Vast State because it is located within a primary recovery project.*

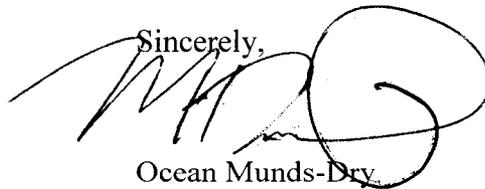
**III. AFFECTED TRACT OPERATOR WAIVED OBJECTION TO NSL APPLICATION AND THE AFFECTED TRACT’S HAVE COMMON OWNERSHIP INTERESTS**

Occidental Permian LP (“OXY”) is the federal lessee/operator of the offset tract – tract 2. Ex. D. OXY has provided COG with a letter waiving any objection to OCD approving Vast State’s NSL application. Ex. B at 2. Additionally, all other ownership interests between the affected tracts are identical. Ex. C. Therefore, Vast State’s unorthodox location of its producing interval will not affect the correlative rights of any of the royalty owners within the affected tracts.

**IV. CONCLUSION**

It appears that the basis for the denial of COG’s NSL application is incorrect because the well does not violate any applicable ten-foot setback requirement. Additionally, ownership is common in the E/2 of Section 17, and the only other offsetting operator has waived objection to the application. Therefore, no correlative rights are being harmed. In light of these factors, COG is respectfully requesting that OCD reconsider its denial of COG’s application and approve Vast State’s NSL status.

Sincerely,

A handwritten signature in black ink, appearing to be "M.D.", with a large circular flourish on the right side.

FOR

Ocean Munds-Dry  
Senior Counsel  
COG Operating LLC

# Exhibit A: Vast State Plat and Well Diagram

**DISTRICT I**  
1825 W. TRENCH DR., BOHRS, NM 86240  
Phone: (505) 953-9181 Fax: (505) 343-0799

**DISTRICT II**  
511 S. FIRST ST., ARTESIA, NM 86210  
Phone: (505) 748-2123 Fax: (505) 748-0789

**DISTRICT III**  
1000 RIO BRAZOS RD., ALTEC, NM 87410  
Phone: (505) 234-8179 Fax: (505) 234-8170

**DISTRICT IV**  
120 S. ST. FRANCIS DR., SANTA FE, NM 87505  
Phone: (505) 476-3400 Fax: (505) 476-3482

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 30-025-43552	Pool Code 98097	Pool Name Sanders Tank; Upper Wolfcamp
Property Code 315647	Property Name VAST STATE	
OCRID No. 229137	Operator Name COG OPERATING, LLC	
		Well Number 23H
		Elevation 3261.3'

### Surface Location

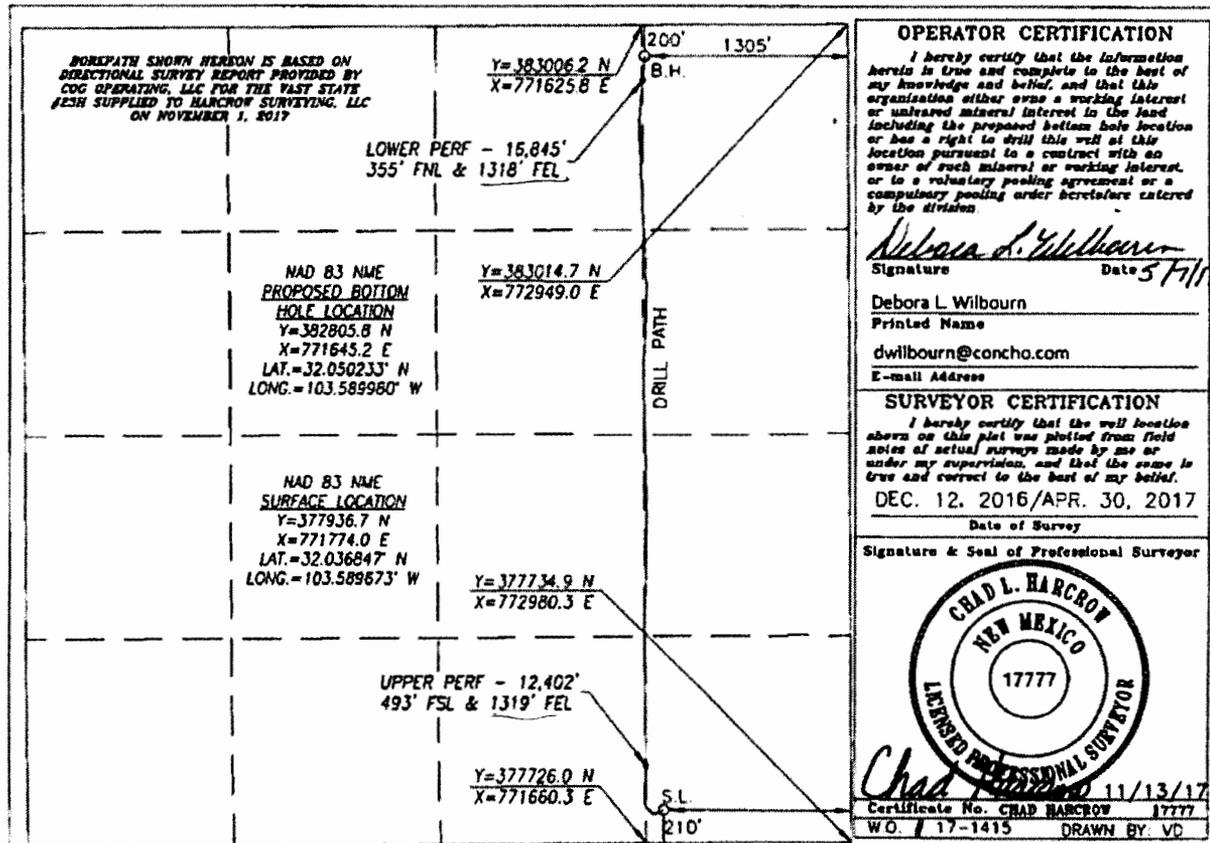
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	26-S	33-E		210	SOUTH	1205	EAST	LEA

### Bottom Hole Location if Different From Surface

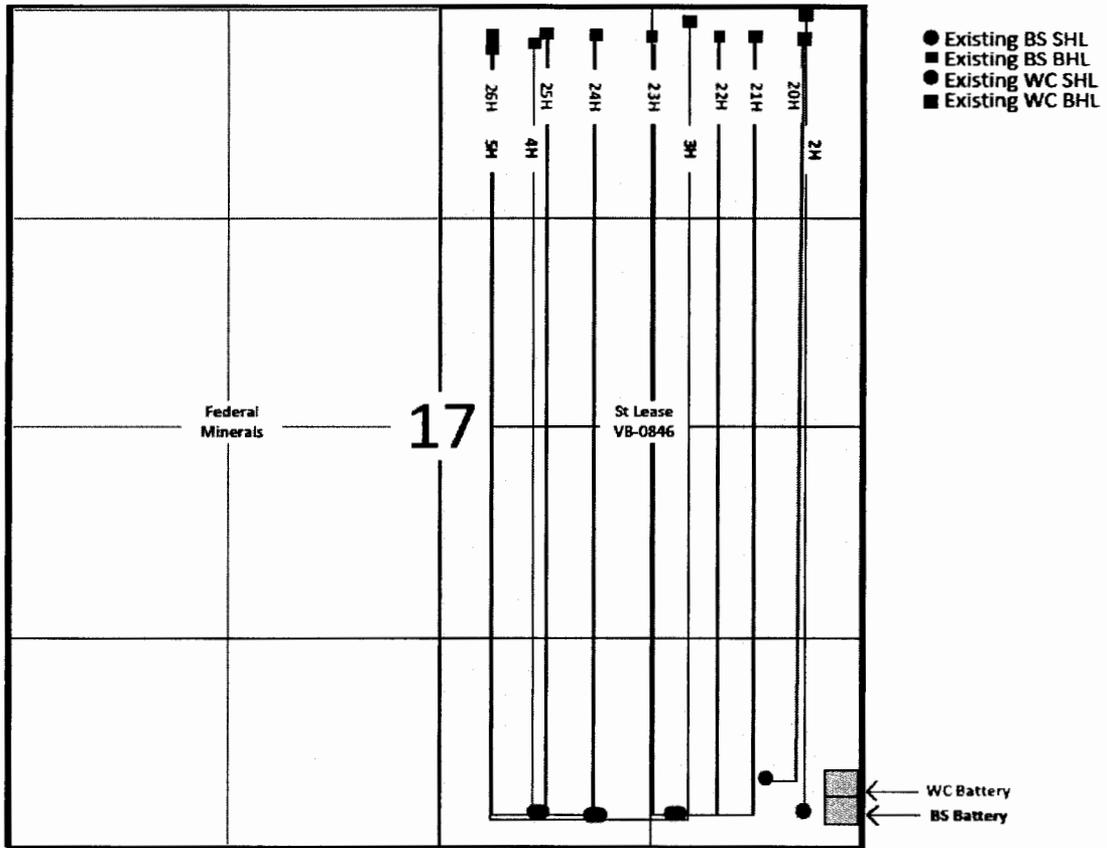
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	17	26-S	33-E		200	NORTH	1305	EAST	LEA

Dedicated Acres 160	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



# Vast State Wells



T26S-R33E, Lea County, NM

# Exhibit B: Request for Waiver of Objection – Application for Unorthodox Well Location (dated April 23, 2018)



Luke Bedrick, CPL  
Senior Landman

April 23, 2018

Occidental Permian Limited Partnership  
Attn: Jonathan Gonzales  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046

RE: Request for Waiver of Objection – Application for Unorthodox Well Location  
Vast State #26H – API No. 30-025-43552 "Subject Well"  
Section 17, T26S-R33E  
Lea County, New Mexico

Dear Mr. Gonzales:

COG Operating LLC ("COG") is applying to the NMOCD for the unorthodox well location listed above. COG is respectfully requesting that Occidental Permian Limited Partnership ("OXY") waive its right to protest the Subject Well which might impact OXY's lease in SW4SE4 of Section 8, T26S-R33E of which the Subject Well's LTP is approximately 355' diagonal to OXY's lease. The OCD requires that the diagonal takepoint of a wellbore be no closer than 487' from adjacent diagonal leases boundary lines. In exchange for OXY waiving any objection and agreeing to COG's unorthodox well location, COG shall grant OXY one of the following options:

- 1) COG will not protest and will grant like-kind unorthodox well location, if COG drills an offset well with like-kind unorthodox location in Section 8, T26S-R33E, Lea County, New Mexico.
- 2) Reciprocate a like-kind waiver for a future unorthodox OXY well location in New Mexico with a takepoint no closer than 112' diagonally to a COG lease

This reciprocation is valid for a time period being two (2) years from the date of this letter.

By acceptance of this proposal, the terms herein shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

If you are in agreement with these terms, please indicate your acceptance and agreement by executing in the space below and email this document to [LBedrick@concho.com](mailto:LBedrick@concho.com). If there are any questions concerning this request, please call me at 432-686-3000.

Sincerely,

  
Luke Bedrick, CPL  
Senior Landman

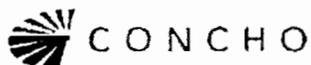
Occidental Permian Limited Partnership  
April 23, 2018

We hereby waive any objection to the unorthodox well location of the Vast State #23H located in Section 17, T26S-R33E, Lea County, New Mexico and agree to the terms set forth in this letter.

Occidental Permian Limited Partnership

By:  JSD Date: 5/3/18  
Name: Bradley S. Dusek JS  
Title: Attorney-in-fact

# Exhibit C: Letter from Luke Bedrick to Leonard Lowe (dated Dec. 5, 2017)



**Luke Bedrick, CPL**  
Senior Landman  
COG Operating LLC  
One Concho Center  
600 W Illinois Avenue  
Midland, Texas 79701

**December 5, 2017**

Main: 432-683-7443  
Direct: 432-686-3800  
LBedrick@concho.com

**New Mexico Oil Conservation Division  
Attention: Mr. Leonard Lowe  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505**

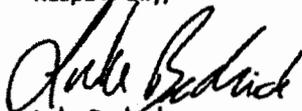
**RE: Vast State #23H  
Application for Non-standard Location**

**To whom it concerns:**

**I am the landman at Concho Resources LLC whose area of responsibility includes Section 17 of Township 26 South, Range 33 East, Lea County, New Mexico.**

**A review of our title records indicates that 100 percent of the ownership of the oil and gas interests in the E/2 of Section 17 (both in ownership and quantum owned) are identical.**

Respectfully,

  
**Luke Bedrick  
Senior Landman**

# Exhibit D: Application for a Non-Standard Well Location of Vast State 23H



May 7, 2018

Oil Conservation Division  
Attention: Mr. Leonard Lowe  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application for Non-standard Well Location  
Vast State #23H – API #30-025-43552  
SHL: 210' FSL 1205' FEL (Unit P), Section 17-T26S-R33E  
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BHL: 200' FNL 1305' FEL (Unit A), Section 17-T26S-R33E  
LTP: 355' FNL 1318' FEL (Unit A), Section 17-T26S-R33E  
Lea County, NM

Dr. Mr. Lowe:

COG Production LLC (COG) respectfully requests administrative approval of an unorthodox oil well location for its Vast State #23H. The producing interval of this well does not meet the 330' from the outer boundary of the producing area requirement. Attached is a Form C-102 showing the project area and the producing area of this well.

The Vast State horizontal wells were spaced within this area of development to provide for efficient and maximum recovery of production from the Wolfcamp horizon. As can be seen on the enclosed lease map, this plan of development placed the Vast State #23H wellbore and LTP at an unorthodox location. COG drilling group drilled the lateral portion of this wellbore at a non-standard footage from the east quarter-section line of Section 17-T26S-R33E, therefore, we are seeking approval to also stimulate and produce the well from this non-standard footage.

Tract 1 affected offset area for the non-standard wellbore is the W/2E/2 Section 17. COG is operator and sole working interest owner in the offset acreage, as well as the acreage in the entire E/2 of Section 17. A letter to that effect from the COG landman is included with this application. Tract 2 affected offset area is the SW/4SE/4 of Section 8-T26S-R23E. Occidental Permian LP (OXY) is the federal lessee/operator of this tract. OXY has provided COG with a letter waiving any objection to this planned non-standard wellbore.

Thank you for your consideration of this application. Should you have questions or require further information, please contact me at 575-748-6958 or by email at [dwilbourn@concho.com](mailto:dwilbourn@concho.com).

Sincerely,

A handwritten signature in cursive script that reads "Debora L. Wilbourn".

Debora L. Wilbourn  
Regulatory Analyst

Enclosure  
Cc: OCD Artesia

#### CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701  
P 575 683 7143 | F 575 683 7441

#### ARTESIA WEST OFFICE

2206 MAIN STREET | ARTESIA, NEW MEXICO 87010  
P 575 748 6140 | F 575 748 2096

# Exhibit E: Email from Leonard Lowe to Debora Wilbourn (dated May 22, 2018)

**Michael Rodriguez -**

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**From:** Debora Wilbourn  
**Sent:** Monday, June 11, 2018 6:31 AM  
**To:** Michael Rodriguez -  
**Subject:** FW: NSL Application: Vast State Well No. 23H  
**Importance:** High

**From:** Lowe, Leonard, EMNRD [<mailto:Leonard.Lowe@state.nm.us>]  
**Sent:** Tuesday, May 22, 2018 12:16 PM  
**To:** Debora Wilbourn  
**Cc:** McMillan, Michael, EMNRD; Jones, William V, EMNRD  
**Subject:** [External] NSL Application: Vast State Well No. 23H  
**Importance:** High

\*\*\*\* External email. Use caution. \*\*\*\*

Debora L. Wilbourn,

Good afternoon,

Being that your project area is encroaching within 1 – 2 feet off the quarter-quarter line, the OCD will not approve this unorthodox location. Unless COG is able to move the at least 10 feet off the encroaching area.

This application is now suspended and will soon be cancelled if approvable criteria's aren't met.

**Leonard Lowe**  
Engineering Bureau  
Oil Conservation Division  
Energy Minerals and Natural Resources Department  
1220 South St. Frances  
Santa Fe, New Mexico 87004  
Office: 505-476-3492  
Cell: 505-930-6717  
Fax: 505-476-3462  
E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)  
Website: <http://www.emnrd.state.nm.us/ocd/>

**From:** [Lowe, Leonard, EMNRD](#)  
**To:** [Debora Wilbourn](#)  
**Cc:** [Brown, Maxey G, EMNRD](#); [Kautz, Paul, EMNRD](#); "[lisa@rwbyram.com](#)"; [Jones, William V, EMNRD](#); [McMillan, Michael, EMNRD](#); [Goetze, Phillip, EMNRD](#); [Dawson, Scott, EMNRD](#); [Holm, Anchor E.](#); [Martin, Ed](#)  
**Subject:** APPROVED NSL-7734\_COG Operating, LLC\_Vast State Well No. 23H\_SEC 17 26S 33E  
**Date:** Friday, June 22, 2018 9:36:00 AM  
**Importance:** High

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Debora L. Wilbourn,

The following administrative order has been issued and will soon be available on the Division's web site: <http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

**NSL-7734**  
**COG Operating, LLC**  
**API #: 30-025-43552**  
**WELL: Vast State Well No. 23H**

**Leonard Lowe**  
Engineering Bureau  
**Oil Conservation Division**  
**Energy Minerals and Natural Resources Department**  
1220 South St. Frances  
Santa Fe, New Mexico 87004  
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Website: <http://www.emnrd.state.nm.us/ocd/>