

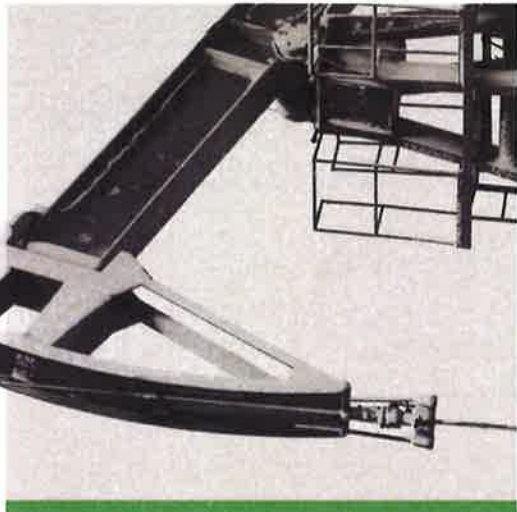


COG OPERATING LLC

Way South State Com 701H, 702H, 703H,
704H, 705H, & 706H

Section 19, 30 & 31-T26S-28E

Eddy County, New Mexico



BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JANUARY 10, 2019

CASE NO. 20078



**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. 20078

**AFFIDAVIT OF ASHLEY ROUSH
IN SUPPORT OF CASE NO. 20078**

Ashley Roush, of lawful age and being first duly sworn, declares as follows:

1. My name is Ashley Roush. I work for COG Operating LLC ("COG") as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the amended application filed by COG in this case, and I am familiar with the status of the lands in the subject area.
4. None of the proposed pool parties has indicated opposition, and therefore I do not expect any opposition at the hearing.
5. COG is seeking an Order (a) pooling all uncommitted interests in the Wolfcamp formation in the 767.59-acre horizontal spacing unit comprised of the E/2 of Section 19, the E/2 of Section 30, and the E/2 equivalent (N/2 NE/4, Lot 4, Lot 5) of Section 31, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico; and (b) dedicating the horizontal spacing unit for the proposed **Way South State Com No. 701H Well, Way South State Com No. 702H Well, Way South State Com No. 703H Well, Way South State Com No. 704H Well, Way South State Com No. 705H Well, and Way South State Com No. 706H Well.**

6. COG has prepared draft Form C-102s to file with the Division for each of the six proposed wells. The draft C-102s are attached as **COG Exhibit A-1, COG Exhibit A-2, COG Exhibit A-3, COG Exhibit A-4, COG Exhibit A-5, and COG Exhibit A-6**. This is the Purple Sage Pool Code 98220

7. The completed interval for the proposed wells will comply with the Division's setback requirements.

8. There are no depth severances in the Wolfcamp formation.

9. **COG Exhibit A-7** is an exhibit prepared by me that identifies the tracts of land comprising the spacing unit. This spacing unit includes state land only. This exhibit shows the interest owners and the percentage of their interest by tract. A unit recapitulation, showing the percentage of ownership interests in the proposed spacing unit, is also included on the exhibit. COG is only seeking to pool the working interest owners highlighted in yellow. There are no unleased mineral interest owners.

10. COG is not seeking to pool any overriding royalty interest owners as they all have sufficient pooling language or have signed ratifications.

11. COG sent a well proposal letter to the working interest owners for the proposed Way South State Com 701H, 702H, and 703H wells. AFEs for each well were included with the well proposal letter. The costs reflected in the AFEs are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the accompanying AFEs, is attached as **COG Exhibit A-8**.

12. COG sent a well proposal letter to the working interest owners for the proposed Way South State Com 704H and 705H wells. AFEs for each well were included with the well proposal letter. The costs reflected in the AFEs are consistent with what other operators have

incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the accompanying AFEs, is attached as **COG Exhibit A-9**.

13. COG sent a well proposal letter to the working interest owners for the proposed Way South State Com 706H well. An AFE for this well was included with the well proposal letter. The costs reflected in the AFEs are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the accompanying AFE, is attached as **COG Exhibit A-10**.

14. In the well proposal letter attached as Exhibit A-10, COG proposed two additional wells, Way South State Com 707H Well and Way South State Com 708H Well. By letter dated November 19, 2018, COG notified the working interest owners that it was rescinding those proposed wells. A copy of the rescission letter is attached as **COG Exhibit A-11**.

15. For all of these proposed wells, COG has made an estimate of overhead and administrative costs for drilling and producing. It is \$7,000/month while drilling, and \$700/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. COG respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in this case.

16. COG plans to simultaneously drill and complete all six proposed wells, and therefore requests an extension of time, up to 365 days, to drill and complete the initial well.

17. In my opinion, COG has made good faith efforts to reach an agreement with the parties it is seeking to pool. I have had multiple conversations and email exchanges with contacts at the working interest owners that COG is seeking to pool. If COG reaches an agreement with any of the proposed pool parties before the Division enters an order, I will let the Division know that COG is no longer seeking to pool those parties.

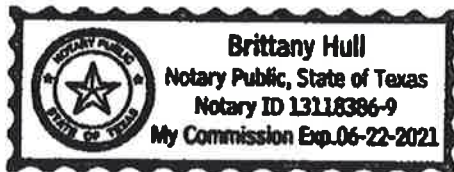
18. I provided the law firm of Holland & Hart LLP a list of names and addresses for the proposed pool parties. The names and last known addresses are included in Exhibit C. In compiling these notice lists, COG conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. All parties were locatable.

19. COG Exhibits A-1 through A-11 were either prepared by me or compiled under my direction and supervision.

Ashley Roush
ASHLEY ROUSH

STATE OF TEXAS)
COUNTY OF Midland)


SUBSCRIBED and SWORN to before me this 9th day of January 2019 by Ashley Roush.



Brittany Hull
NOTARY PUBLIC

My Commission Expires:

6-22-21

E-mail Address		
<div>SURVEYOR CERTIFICATION</div> <div><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></div> <div>JULY 18, 2018</div> <div>Date of Survey</div> <div>Signature & Seal of Professional Surveyor</div> <div><div>7/30/18</div></div> <tr><td>Certificate No. CHAD HARCROW 17777</td></tr> <tr><td>W.O. # 18-748 DRAWN BY: CD</td></tr>	Certificate No. CHAD HARCROW 17777	W.O. # 18-748 DRAWN BY: CD
Certificate No. CHAD HARCROW 17777		
W.O. # 18-748 DRAWN BY: CD		

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-8161 Fax: (575) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (505) 748-1283 Fax: (505) 334-6170

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) 476-3460 Fax: (505) 476-3462

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	Pool Code	Pool Name
Property Code	Property Name WAY SOUTH STATE COM	Well Number 702H
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3081.4'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
5	31	26-S	28-E		265	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

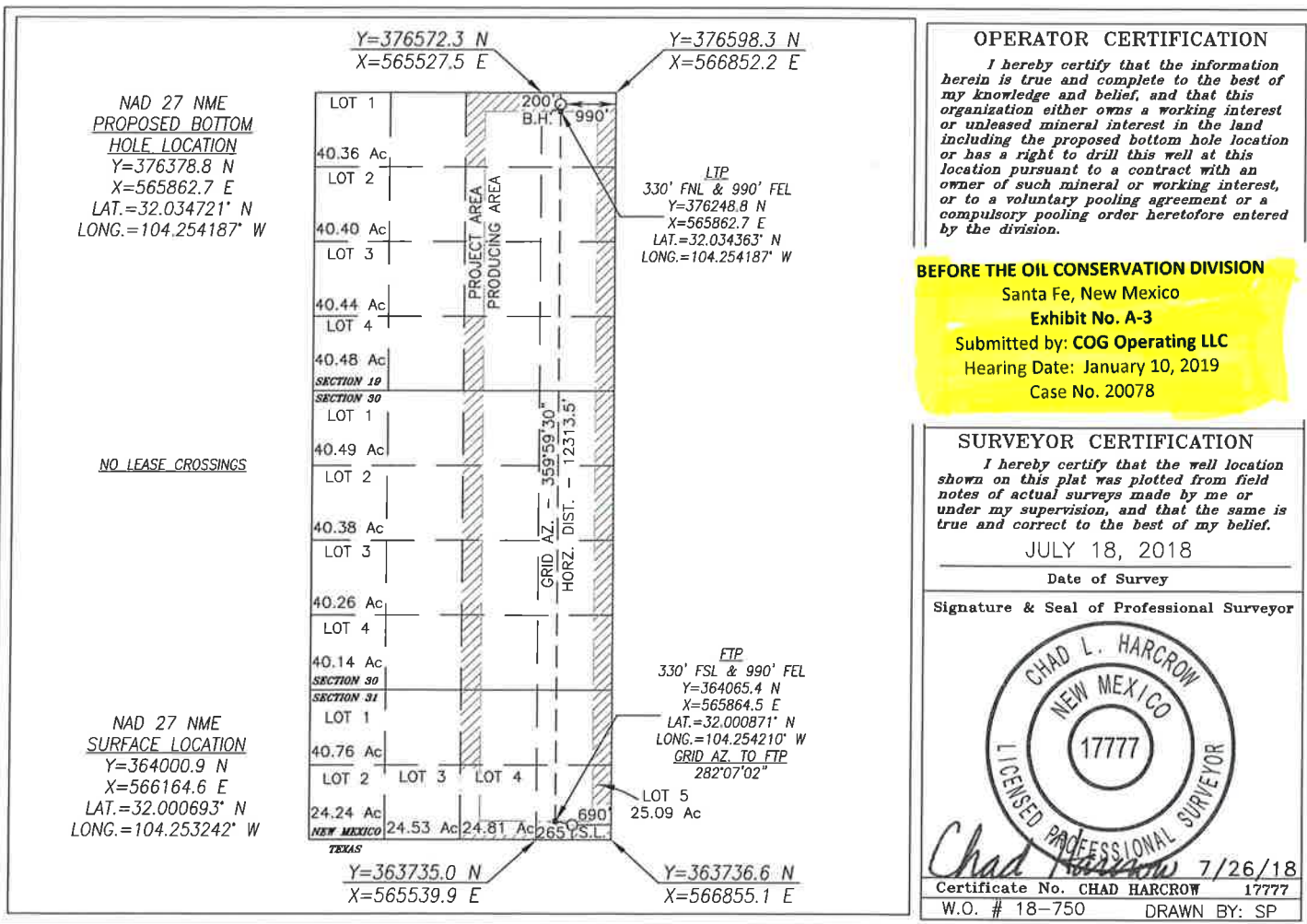
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	19	26-S	28-E		200	NORTH	660	EAST	EDDY

Dedicated Acres	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

<p>NAD 27 NME PROPOSED BOTTOM HOLE LOCATION Y=376385.3 N X=566192.7 E LAT.=32.034738° N LONG.=104.253122° W</p> <p>NO LEASE CROSSINGS</p>	<p>Y=376572.3 N X=565527.5 E</p> <p>Y=376598.3 N X=566852.2 E</p> <p>200' H.H.</p> <p>330' FNL & 660' FEL Y=376255.3 N X=566192.7 E LAT.=32.034380° N LONG.=104.253122° W</p> <p>GRID AZ. - 359°59'29" HORZ. DIST. - 12384.4'</p> <p>Y=363735.0 N X=565539.9 E</p> <p>Y=363736.6 N X=566855.1 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>BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A-2 Submitted by: COG Operating LLC Hearing Date: January 10, 2019 Case No. 20078</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>JULY 18, 2018 Date of Survey</p> <p>Signature & Seal of Professional Surveyor</p> <p>CHAD L. HARCROW NEW MEXICO 17777 LICENSED PROFESSIONAL SURVEYOR</p> <p>Chad L. Harcrow 7/27/18 Certificate No. CHAD HARCROW 17777 W.O. # 18-749 DRAWN BY: SP</p>
---	---	--

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3480 Fax: (505) 476-3482

☐ AMENDED REPORT

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-8181 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) 476-3460 Fax: (505) 476-3462

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	Pool Code	Pool Name
Property Code	Property Name WAY SOUTH STATE COM	Well Number 704H
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3099.1'

Surface Location

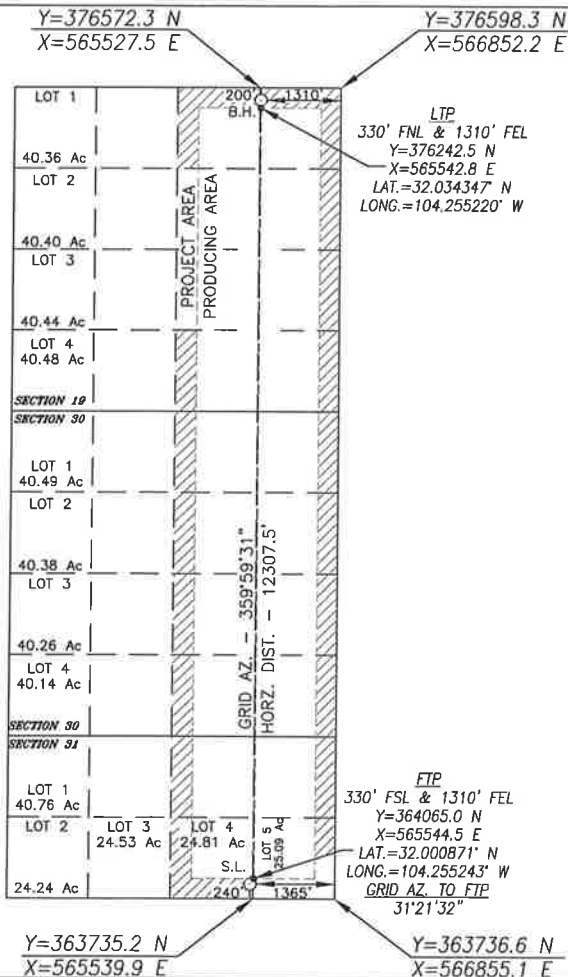
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	31	26-S	28-E		240	SOUTH	1365	EAST	EDDY

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
A	19	26-S	28-E		200	NORTH	1310	EAST	EDDY
Dedicated Acres	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

NAD 27 NME
PROPOSED BOTTOM
HOLE LOCATION
Y=376372.5 N
X=565542.7 E
LAT.=32.034704° N
LONG.=104.255219° W



NAD 27 NME
SURFACE LOCATION
Y=363975.1 N
X=565489.7 E
LAT.=32.000624° N
LONG.=104.255420° W

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.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-4

Submitted by: **COG Operating LLC**

Hearing Date: January 10, 2019

Case No. 20078

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 18, 2018

Date of Survey

Signature & Seal of Professional Surveyor

CHAD L. HARCROW
NEW MEXICO
17777
LICENSED PROFESSIONAL SURVEYOR
7/26/18
Certificate No. CHAD HARCROW 17777
W.O. #18-746 DRAWN BY: CD

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 383-6161 Fax: (575) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-0720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6176 Fax: (505) 334-6170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 478-3460 Fax: (505) 478-3462

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	Pool Code	Pool Name
Property Code	Property Name WAY SOUTH STATE COM	Well Number 705H
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3099.3'

Surface Location

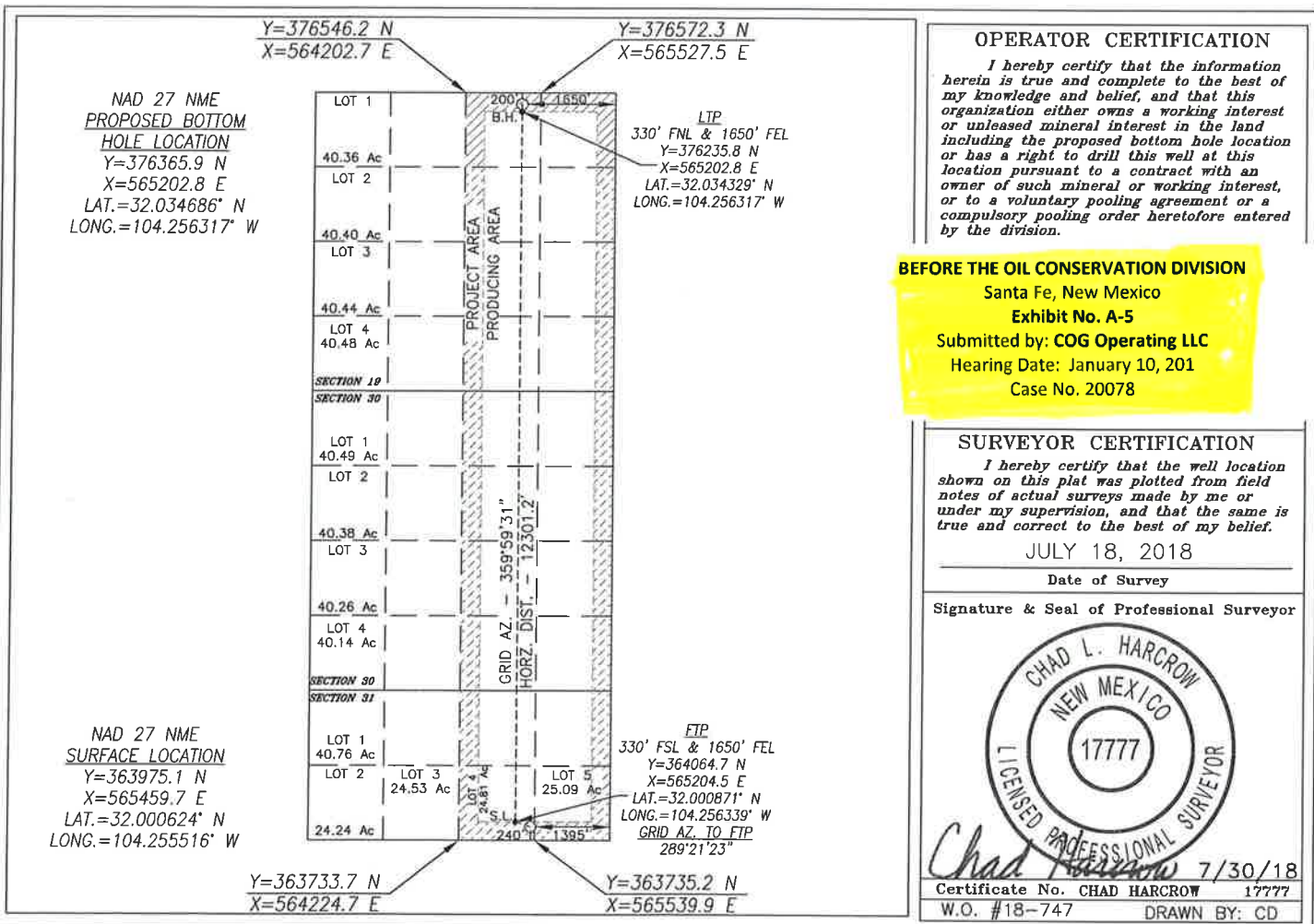
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	31	26-S	28-E		240	SOUTH	1395	EAST	EDDY

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
B	19	26-S	28-E		200	NORTH	1650	EAST	EDDY

Dedicated Acres	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



DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (576) 393-6161 Fax: (576) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (576) 746-1263 Fax: (576) 746-9720

DISTRICT III
1000 RIO BRAZOS RD., 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

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		Pool Code	Pool Name
Property Code	Property Name WAY SOUTH STATE COM		Well Number 706H
OGRID No.	Operator Name COG OPERATING, LLC		Elevation 3123.1'

Surface Location

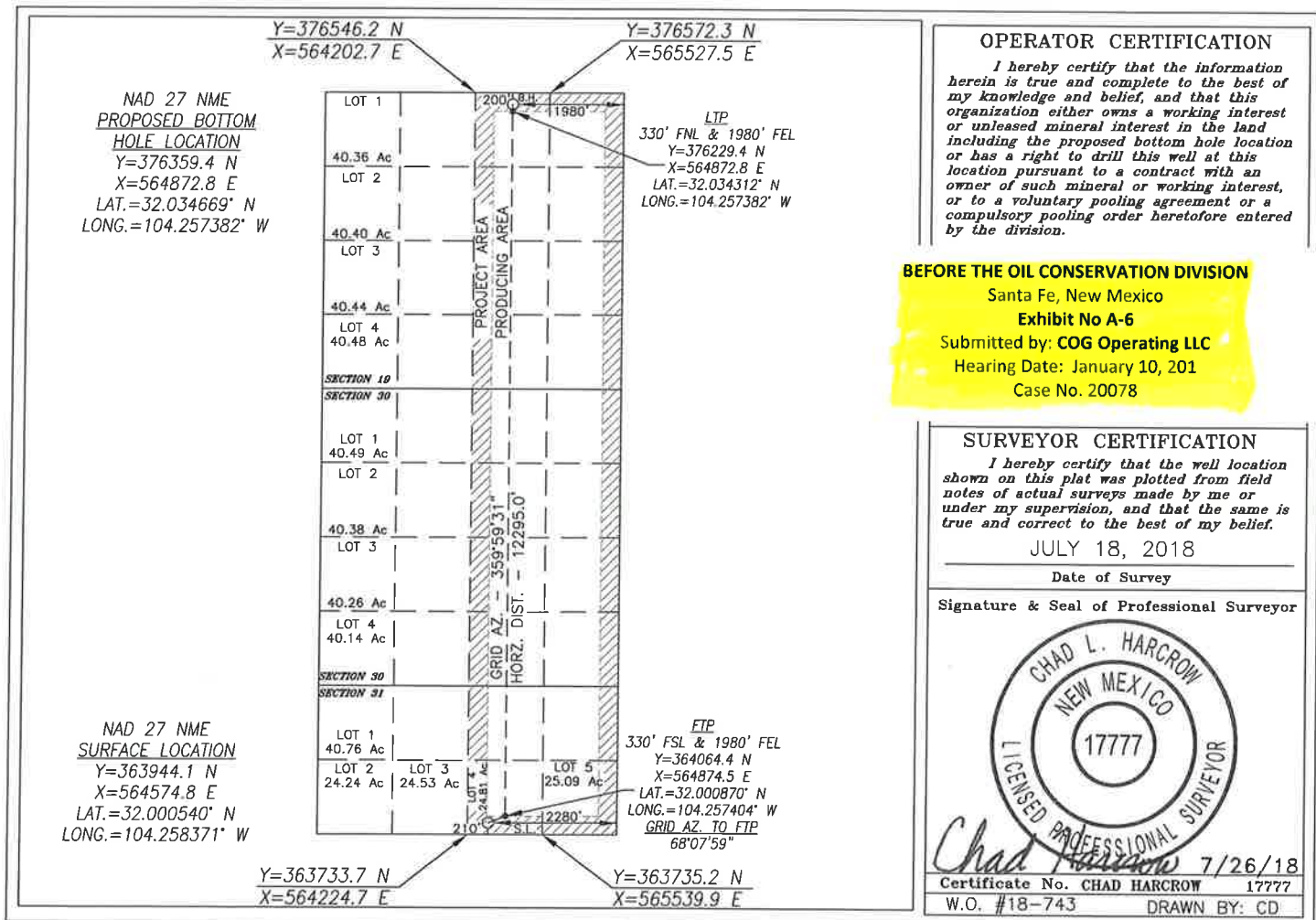
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	31	26-S	28-E		210	SOUTH	2280	EAST	EDDY

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
B	19	26-S	28-E		200	NORTH	1980	EAST	EDDY

Dedicated Acres	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



POOLED PARTIES

WAY SOUTH STATE COM 704H, 705H, 706H

WAY SOUTH STATE COM 701H, 702H, 703H

19-26S-28E	Tract 1: E/2 of Sec. 19
30-26S-28E	Tract 2: E/2 Sec. 30 E/2 Sec. 31
31-26S-28E	

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-7

Submitted by: **COG Operating LLC**

Hearing Date: January 10, 201

Case No. 20078

Pooled Working Interest Owners	
Tract 1 - Section 19: E/2	
COG Operating LLC	0.47473297
Concho Oil & Gas LLC	0.02498595
Chevron USA Inc.	0.50028108
Tract 2 - Section 30: E/2, Section 31: E/2	
COG Operating LLC	0.47500000
Concho Oil & Gas LLC	0.02500000
EOG Y Resources Inc	0.35000000
EOG M Resources Inc	0.05000000
EOG A Resources Inc	0.05000000
OXY Y1 Company	0.05000000

Unit Working Interest	
COG Operating LLC	0.474889
Concho Oil & Gas LLC	0.024994
Chevron USA Inc.	0.208479
EOG Y Resources Inc.	0.204147
EOG M Resources Inc.	0.029164
EOG A Resources Inc.	0.029164
OXY Y-1 Company	0.029164

Record Title Owner	
EOG Y Resources Inc.	



August 9, 2018

Via Certified Mail, Return Receipt Requested

WORKING INTEREST OWNERS ON ATTACHED EXHIBIT "A"

Re: **Way South State Com 701H, 702H, 703H** (Tango pad)
E/2 of Sections 19, 30, 31, T26S-R28E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating, LLC ("COG") hereby proposes the drilling of the following horizontal wells with productive laterals located in the E/2 of Sections 19, 30, & 31, T26S-R28E, Eddy County, New Mexico. The surface pad locations will be located in Unit P of Section 31, T26S-R28E (subject to change).

- **Way South State Com 701H**, to be drilled to a depth sufficient to test the WFMP A Shale formation at a total measured depth of 20,700'. The surface location for this well is proposed at a legal location in Unit H of Section 31, and a bottom hole location at a legal location in Unit A of Section 19. The dedicated project area will be the E/2 of Sections 19, 30, and 31, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$12,220,000, as shown on the attached Authority for Expenditure ("AFE").
- **Way South State Com 702H**, to be drilled to a depth sufficient to test the WFMP B formation at a total measured depth of 20,900'. The surface location for this well is proposed at a legal location in Unit H of Section 31, and a bottom hole location at a legal location in Unit A of Section 19. The dedicated project area will be the E/2 of Sections 19, 30, and 31, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$12,220,000, as shown on the attached AFE.
- **Way South State Com 703H**, to be drilled to a depth sufficient to test the WFMP A Shale formation at a total measured depth of 20,700'. The surface location for this well is proposed at a legal location in Unit H of Section 31, and a bottom hole location at a legal location in Unit A of Section 19. The dedicated project area will be the E/2 of Sections 19, 30, and 31, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$12,220,000, as shown on the attached AFE.

COG is proposing this well under the terms of a new Operating Agreement which will follow under separate cover.

If we do not reach an agreement within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements, to my attention at the letterhead address or by email to aroush@concho.com. Should you have any questions, please do not hesitate to contact me at 432.818.2358.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-8
Submitted by: COG Operating LLC
Hearing Date: January 10, 2019
Case No. 20078

Sincerely,

COG Operating LLC

Ashley Roush, RPL
Landman

AR:bh
Enc

_____ I/We hereby elect to participate in the drilling and completion of the
Way South State Com 701H.

_____ I/We hereby elect not to participate in the drilling and completion of the
Way South State Com 701H.

_____ I/We hereby elect to participate in the drilling and completion of the
Way South State Com 702H.

_____ I/We hereby elect not to participate in the drilling and completion of the
Way South State Com 702H.

_____ I/We hereby elect to participate in the drilling and completion of the
Way South State Com 703H.

_____ I/We hereby elect not to participate in the drilling and completion of the
Way South State Com 703H.

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT "A"
WORKING INTEREST OWNERS

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4873

Chevron U.S.A. Inc.

6301 Deauville

Midland, TX 79706

Attn: Kristen Hunter

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4880

EOG Y Resources Inc.

EOG A Resources Inc.

EOG M Resources Inc.

5509 Champions Drive

Midland, TX 79706

Attn: Land Manager

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4958

OXY Y-1 Company

5 Greenway Plaza, Suite 110

Houston, TX 77046

Attn: Jeremy Murphrey

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete

Well Name WAY SOUTH STATE COM 701H SHL: 210 FSL & 630 FEL (OR UNIT H), SEC. 31 BHL: 200 FNL & 330 FEL (OR UNIT A), SEC. 19 Formation WOLFCAMP A SHALE Legal 19, 30, 31, T28S-R28E AFE Numbers	Prospect State & County Objective Depth TVD	Alias 2628 NEW MEXICO, EDDY COUNTY Drill & Complete 20,700 9,138
--	---	--

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$48,000.00	\$0.00	\$48,000.00
D-Intermed Csg	402	\$376,000.00	\$0.00	\$376,000.00
D-Production Casing/Liner	403	\$405,000.00	\$0.00	\$405,000.00
D-Wellhead Equip	405	\$40,000.00	\$0.00	\$40,000.00
C-Tubing	504	\$47,300.00	\$0.00	\$47,300.00
C-Wellhead Equip	505	\$27,500.00	\$0.00	\$27,500.00
PEQ-Pumping Unit	506	\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508	\$35,000.00	\$0.00	\$35,000.00
TB-Tanks	510	\$56,000.00	\$0.00	\$56,000.00
TB-Flowlines/Pipelines	511	\$117,000.00	\$0.00	\$117,000.00
TB-Hlr Trlr/Seprtr	512	\$117,000.00	\$0.00	\$117,000.00
TB-Electrical System/Equipment	513	\$88,000.00	\$0.00	\$88,000.00
C-Pckrs/Anchors/Hgrs	514	\$66,000.00	\$0.00	\$66,000.00
TB-Couplings/Fittings/Valves	515	\$165,000.00	\$0.00	\$165,000.00
TB-Gas Lift/Compression	516	\$35,000.00	\$0.00	\$35,000.00
C-Miscellaneous	519	\$80,000.00	\$0.00	\$80,000.00
TB-Pumps-Surface	521	\$18,000.00	\$0.00	\$18,000.00
TB-Meters/Lacis	525	\$32,000.00	\$0.00	\$32,000.00
TB-Flares/Combusters/Emission	526	\$31,000.00	\$0.00	\$31,000.00
C-Gas Lift/Compression	527	\$15,000.00	\$0.00	\$15,000.00
PEQ-Instrumentation/SCADA/POC	529	\$7,000.00	\$0.00	\$7,000.00
PEQ-Tubing	530	\$5,000.00	\$0.00	\$5,000.00
PEQ-Wellhead Equipment	531	\$3,000.00	\$0.00	\$3,000.00
PEQ-Pumps	532	\$5,000.00	\$0.00	\$5,000.00
PEQ-Electrical System	533	\$15,000.00	\$0.00	\$15,000.00
PEQ-Packers/Anchors/Hangers	534	\$2,000.00	\$0.00	\$2,000.00
PEQ-Miscellaneous	535	\$3,000.00	\$0.00	\$3,000.00
Total Tangible Costs		\$1,934,800.00	\$0.00	\$1,934,800.00

Intangible Costs				
PS-Title/Permits	201	\$11,000.00	\$0.00	\$11,000.00
D-Insurance	202	\$4,000.00	\$0.00	\$4,000.00
PS-Damages/ROW	203	\$5,000.00	\$0.00	\$5,000.00
PS-Survey/Slake Lctn	204	\$6,000.00	\$0.00	\$6,000.00
D-Lctn/Pits/Roads	205	\$112,000.00	\$0.00	\$112,000.00
D-Drilling Overhead	206	\$9,000.00	\$0.00	\$9,000.00
D-Daywork Contract	209	\$660,000.00	\$0.00	\$660,000.00
D-Directional Drllg Services	210	\$280,000.00	\$0.00	\$280,000.00
D-Fuel & Power	211	\$150,000.00	\$0.00	\$150,000.00
D-Water	212	\$55,000.00	\$0.00	\$55,000.00
D-Bits	213	\$104,000.00	\$0.00	\$104,000.00
D-Mud & Chemicals	214	\$245,000.00	\$0.00	\$245,000.00
D-Cement Surface	217	\$30,000.00	\$0.00	\$30,000.00
D-Cement Intermed	218	\$80,000.00	\$0.00	\$80,000.00
D-Prod-2nd Int Cmt	219	\$105,000.00	\$0.00	\$105,000.00
D-Float Equipment & Centralizers	221	\$40,000.00	\$0.00	\$40,000.00
D-Csg Crews & Equip	222	\$50,000.00	\$0.00	\$50,000.00
D-Contract Labor	225	\$6,500.00	\$0.00	\$6,500.00
D-Company Sprvsn	226	\$72,000.00	\$0.00	\$72,000.00
D-Contract Sprvsn	227	\$110,000.00	\$0.00	\$110,000.00
D-Tslg Csg/Tbg	228	\$30,000.00	\$0.00	\$30,000.00
D-Mud Logging Unit	229	\$40,000.00	\$0.00	\$40,000.00
D-Perf/Wireline Svc	231	\$4,000.00	\$0.00	\$4,000.00
D-Rentals-Surface	235	\$170,000.00	\$0.00	\$170,000.00
D-Rentals-Subsrfc	236	\$170,000.00	\$0.00	\$170,000.00
D-Trucking/Forklift/Rig Mob	237	\$140,000.00	\$0.00	\$140,000.00
D-Welding Services	238	\$3,500.00	\$0.00	\$3,500.00
D-Contingency	243	\$44,000.00	\$0.00	\$44,000.00
D-Envrnmntl/Clsd Loop	244	\$265,000.00	\$0.00	\$265,000.00
C-Lctn/Pits/Roads	305	\$10,000.00	\$0.00	\$10,000.00
C-Frac Equipment	307	\$1,482,000.00	\$0.00	\$1,482,000.00
C-Frac Chemicals	308	\$776,000.00	\$0.00	\$776,000.00
C-Frac Proppant	309	\$1,150,000.00	\$0.00	\$1,150,000.00
C-Frac Proppant Transportation	310	\$148,000.00	\$0.00	\$148,000.00
C-Fuel & Power	311	\$5,000.00	\$0.00	\$5,000.00
C-Water	312	\$930,000.00	\$0.00	\$930,000.00
C-Bits	313	\$9,000.00	\$0.00	\$9,000.00
C-Mud & Chemicals	314	\$25,000.00	\$0.00	\$25,000.00
C-Contract Labor	326	\$8,200.00	\$0.00	\$8,200.00
C-Company Sprvsn	326	\$15,000.00	\$0.00	\$15,000.00
C-Contract Sprvsn	327	\$134,000.00	\$0.00	\$134,000.00
C-Tslg Csg/Tbg	328	\$5,000.00	\$0.00	\$5,000.00
C-Perf/Wireline Svc	331	\$600,000.00	\$0.00	\$600,000.00
C-Stimulation/Treating	332	\$12,000.00	\$0.00	\$12,000.00
C-Completion Unit	333	\$60,000.00	\$0.00	\$60,000.00
C-Rentals-Surface	335	\$296,000.00	\$0.00	\$296,000.00
C-Rentals-Subsrfc	336	\$65,000.00	\$0.00	\$65,000.00
C-Trucking/Forklift/Rig Mob	337	\$22,500.00	\$0.00	\$22,500.00
C-Welding Services	338	\$5,000.00	\$0.00	\$5,000.00
C-Water Disposal	339	\$60,000.00	\$0.00	\$60,000.00
C-Contingency	343	\$250,000.00	\$0.00	\$250,000.00
C-Envrnmntl/Clsd Loop	344	\$5,000.00	\$0.00	\$5,000.00
C-Dyed Diesel	345	\$435,000.00	\$0.00	\$435,000.00
C-Coil Tubing	346	\$422,000.00	\$0.00	\$422,000.00
C-Flowback Crews & Equip	347	\$48,000.00	\$0.00	\$48,000.00
TB-Location/Pits/Roads	353	\$73,000.00	\$0.00	\$73,000.00
TB-Contract Labor	356	\$69,000.00	\$0.00	\$69,000.00
TB-Water Disposal	362	\$135,000.00	\$0.00	\$135,000.00
PEQ-Contract Labor	374	\$9,500.00	\$0.00	\$9,500.00
PEQ-Contract Supervision	376	\$5,000.00	\$0.00	\$5,000.00
PEQ-Completion Unit	381	\$9,000.00	\$0.00	\$9,000.00
PEQ-Rentals-Surface	383	\$7,000.00	\$0.00	\$7,000.00
PEQ-Trkg/Forklift/Rig Mobilization	385	\$3,000.00	\$0.00	\$3,000.00
Total Intangible Costs		\$10,285,200.00	\$0.00	\$10,285,200.00

Total Gross Cost	\$12,220,000.00	\$0.00	\$12,220,000.00
-------------------------	------------------------	---------------	------------------------

Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Dale Prepared 8.9.18

We approve:

% Working Interest

COG Operating LLC

By: _____

Company:

By: _____

Printed Name:

Title:

Date:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name WAY SOUTH STATE COM 702H		Prospect	Atlas 2628	
SHL: 210 FSL & 660 FEL (OR UNIT H), SEC. 31		State & County	NEW MEXICO, EDDY COUNTY	
BHL: 200 FNL & 660 FEL (OR UNIT A), SEC. 19		Objective	Drill & Complete	
Formation WOLFCAMP B		Depth	20,900	
Legal 19, 30, 31, T26S-R28E		TVD	9,345	
AFE Numbers				
Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$48,000.00	\$0.00	\$48,000.00
D-Intermed Csg	402	\$376,000.00	\$0.00	\$376,000.00
D-Production Casing/Liner	403	\$405,000.00	\$0.00	\$405,000.00
D-Wellhead Equip	405	\$40,000.00	\$0.00	\$40,000.00
C-Tubing	504	\$47,300.00	\$0.00	\$47,300.00
C-Wellhead Equip	505	\$27,500.00	\$0.00	\$27,500.00
PEQ-Pumping Unit	506	\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508	\$35,000.00	\$0.00	\$35,000.00
TB-Tanks	510	\$56,000.00	\$0.00	\$56,000.00
TB-Flowlines/Pipelines	511	\$117,000.00	\$0.00	\$117,000.00
TB-Hlr Trlr/Seprtr	512	\$117,000.00	\$0.00	\$117,000.00
TB-Electrical System/Equipment	513	\$88,000.00	\$0.00	\$88,000.00
C-Pckrs/Anchors/Hgrs	514	\$66,000.00	\$0.00	\$66,000.00
TB-Couplings/Fittings/Valves	515	\$165,000.00	\$0.00	\$165,000.00
TB-Gas Lift/Compression	516	\$35,000.00	\$0.00	\$35,000.00
C-Miscellaneous	519	\$80,000.00	\$0.00	\$80,000.00
TB-Pumps-Surface	521	\$18,000.00	\$0.00	\$18,000.00
TB-Meters/Lacts	525	\$32,000.00	\$0.00	\$32,000.00
TB-Flares/Combusters/Emission	526	\$31,000.00	\$0.00	\$31,000.00
C-Gas Lift/Compression	527	\$15,000.00	\$0.00	\$15,000.00
PEQ-Instrumentation/SCADA/POC	529	\$7,000.00	\$0.00	\$7,000.00
PEQ-Tubing	530	\$5,000.00	\$0.00	\$5,000.00
PEQ-Wellhead Equipment	531	\$3,000.00	\$0.00	\$3,000.00
PEQ-Pumps	532	\$5,000.00	\$0.00	\$5,000.00
PEQ-Electrical System	533	\$15,000.00	\$0.00	\$15,000.00
PEQ-Packers/Anchors/Hangers	534	\$2,000.00	\$0.00	\$2,000.00
PEQ-Miscellaneous	535	\$3,000.00	\$0.00	\$3,000.00
Total Tangible Costs		\$1,934,800.00	\$0.00	\$1,934,800.00
Intangible Costs				
PS-Title/Permits	201	\$11,000.00	\$0.00	\$11,000.00
D-Insurance	202	\$4,000.00	\$0.00	\$4,000.00
PS-Damages/ROW	203	\$5,000.00	\$0.00	\$5,000.00
PS-Survey/Stake LcIn	204	\$6,000.00	\$0.00	\$6,000.00
D-LcIn/Pits/Roads	205	\$112,000.00	\$0.00	\$112,000.00
D-Drilling Overhead	206	\$9,000.00	\$0.00	\$9,000.00
D-Daywork Contract	209	\$990,000.00	\$0.00	\$990,000.00
D-Directional Drlg Services	210	\$280,000.00	\$0.00	\$280,000.00
D-Fuel & Power	211	\$150,000.00	\$0.00	\$150,000.00
D-Water	212	\$55,000.00	\$0.00	\$55,000.00
D-Bits	213	\$104,000.00	\$0.00	\$104,000.00
D-Mud & Chemicals	214	\$245,000.00	\$0.00	\$245,000.00
D-Cement Surface	217	\$30,000.00	\$0.00	\$30,000.00
D-Cement Intermed	218	\$80,000.00	\$0.00	\$80,000.00
D-Prod-2nd Int Cmt	219	\$105,000.00	\$0.00	\$105,000.00
D-Float Equipment & Centralizers	221	\$40,000.00	\$0.00	\$40,000.00
D-Csg Crews & Equip	222	\$50,000.00	\$0.00	\$50,000.00
D-Contract Labor	225	\$6,500.00	\$0.00	\$6,500.00
D-Company Sprvsn	226	\$72,000.00	\$0.00	\$72,000.00
D-Contract Sprvsn	227	\$110,000.00	\$0.00	\$110,000.00
D-Tslg Csg/Tbg	228	\$30,000.00	\$0.00	\$30,000.00
D-Mud Logging Unit	229	\$40,000.00	\$0.00	\$40,000.00
D-Perf/Wireline Svc	231	\$4,000.00	\$0.00	\$4,000.00
D-Rentals-Surface	235	\$170,000.00	\$0.00	\$170,000.00
D-Rentals-Subsrfc	236	\$170,000.00	\$0.00	\$170,000.00
D-Trucking/Forklift/Rig Mob	237	\$140,000.00	\$0.00	\$140,000.00
D-Welding Services	238	\$3,500.00	\$0.00	\$3,500.00
D-Contingency	243	\$44,000.00	\$0.00	\$44,000.00
D-Envrnmnt/Clsd Loop	244	\$265,000.00	\$0.00	\$265,000.00
C-LcIn/Pits/Roads	305	\$10,000.00	\$0.00	\$10,000.00
C-Frac Equipment	307	\$1,482,000.00	\$0.00	\$1,482,000.00
C-Frac Chemicals	308	\$776,000.00	\$0.00	\$776,000.00
C-Frac Proppant	309	\$1,150,000.00	\$0.00	\$1,150,000.00
C-Frac Proppant Transportation	310	\$148,000.00	\$0.00	\$148,000.00
C-Fuel & Power	311	\$5,000.00	\$0.00	\$5,000.00
C-Water	312	\$930,000.00	\$0.00	\$930,000.00
C-Bits	313	\$9,000.00	\$0.00	\$9,000.00
C-Mud & Chemicals	314	\$25,000.00	\$0.00	\$25,000.00
C-Contract Labor	325	\$8,200.00	\$0.00	\$8,200.00
C-Company Sprvsn	326	\$15,000.00	\$0.00	\$15,000.00
C-Contract Sprvsn	327	\$134,000.00	\$0.00	\$134,000.00
C-Tslg Csg/Tbg	328	\$5,000.00	\$0.00	\$5,000.00
C-Perf/Wireline Svc	331	\$600,000.00	\$0.00	\$600,000.00
C-Stimulation/Treating	332	\$12,000.00	\$0.00	\$12,000.00
C-Completion Unit	333	\$60,000.00	\$0.00	\$60,000.00
C-Rentals-Surface	335	\$296,000.00	\$0.00	\$296,000.00
C-Rentals-Subsrfc	336	\$65,000.00	\$0.00	\$65,000.00
C-Trucking/Forklift/Rig Mob	337	\$22,500.00	\$0.00	\$22,500.00
C-Welding Services	338	\$5,000.00	\$0.00	\$5,000.00
C-Water Disposal	339	\$60,000.00	\$0.00	\$60,000.00
C-Contingency	343	\$250,000.00	\$0.00	\$250,000.00
C-Envrnmnt/Clsd Loop	344	\$5,000.00	\$0.00	\$5,000.00
C-Dyed Diesel	345	\$435,000.00	\$0.00	\$435,000.00
C-Coil Tubing	346	\$422,000.00	\$0.00	\$422,000.00
C-Flowback Crews & Equip	347	\$48,000.00	\$0.00	\$48,000.00
TB-Location/Pits/Roads	353	\$73,000.00	\$0.00	\$73,000.00
TB-Contract Labor	356	\$69,000.00	\$0.00	\$69,000.00
TB-Water Disposal	362	\$135,000.00	\$0.00	\$135,000.00
PEQ-Contract Labor	374	\$6,500.00	\$0.00	\$6,500.00
PEQ-Contract Supervision	376	\$5,000.00	\$0.00	\$5,000.00
PEQ-Completion Unit	381	\$8,000.00	\$0.00	\$8,000.00
PEQ-Rentals-Surface	383	\$7,000.00	\$0.00	\$7,000.00
PEQ-Trkg/Forklift/Rig Mobilization	385	\$3,000.00	\$0.00	\$3,000.00
Total Intangible Costs		\$10,285,200.00	\$0.00	\$10,285,200.00
Total Gross Cost		\$12,220,000.00	\$0.00	\$12,220,000.00
Note: The above costs are estimates only. Actual costs will be billed as incurred				

Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: 8/9/18

We approve:

COG Operating LLC

% Working Interest

By: _____

Company:

By: _____

Printed Name:

Title: _____

Date: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name WAY SOUTH STATE COM 703H
SHL: 210 FSL & 690 FEL (OR UNIT H), SEC. 31
BHL: 200 FNL & 990 FEL (OR UNIT A), SEC. 19
Formation WOLFCAMP A SHALE
Legal 19, 30, 31, T26S-R28E
AFE Numbers

Prospect Atlas 2628
State & County NEW MEXICO, EDDY COUNTY
Objective Drill & Complete
Depth 20,700
TVD 9,126

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$48,000.00	\$0.00	\$48,000.00
D-Intermed Csg	402	\$376,000.00	\$0.00	\$376,000.00
D-Production Casing/Liner	403	\$405,000.00	\$0.00	\$405,000.00
D-Wellhead Equip	405	\$40,000.00	\$0.00	\$40,000.00
C-Tubing	504	\$47,300.00	\$0.00	\$47,300.00
C-Wellhead Equip	505	\$27,500.00	\$0.00	\$27,500.00
PEQ-Pumping Unit	506	\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508	\$35,000.00	\$0.00	\$35,000.00
TB-Tanks	510	\$56,000.00	\$0.00	\$56,000.00
TB-Flowlines/Pipeline	511	\$117,000.00	\$0.00	\$117,000.00
TD-Htr Trlr/Seprtr	512	\$117,000.00	\$0.00	\$117,000.00
TB-Electrical System/Equipment	513	\$88,000.00	\$0.00	\$88,000.00
C-Pckrs/Anchors/Hgrs	514	\$66,000.00	\$0.00	\$66,000.00
TB-Couplings/Fittings/Valves	515	\$165,000.00	\$0.00	\$165,000.00
TB-Gas Lift/Compression	516	\$35,000.00	\$0.00	\$35,000.00
C-Miscellaneous	519	\$80,000.00	\$0.00	\$80,000.00
TB-Pumps-Surface	521	\$18,000.00	\$0.00	\$18,000.00
TB-Meters/Locks	525	\$32,000.00	\$0.00	\$32,000.00
TB-Flares/Combusters/Emission	526	\$31,000.00	\$0.00	\$31,000.00
C-Gas Lift/Compression	527	\$15,000.00	\$0.00	\$15,000.00
PEQ-Instrumentation/SCADA/POC	529	\$7,000.00	\$0.00	\$7,000.00
PEQ-Tubing	530	\$5,000.00	\$0.00	\$5,000.00
PEQ-Wellhead Equipment	531	\$3,000.00	\$0.00	\$3,000.00
PEQ-Pumps	532	\$5,000.00	\$0.00	\$5,000.00
PEQ-Electrical System	533	\$15,000.00	\$0.00	\$15,000.00
PEQ-Packers/Anchors/Hangers	534	\$2,000.00	\$0.00	\$2,000.00
PEQ-Miscellaneous	535	\$3,000.00	\$0.00	\$3,000.00
Total Tangible Costs		\$1,934,800.00	\$0.00	\$1,934,800.00
Intangible Costs				
PS-Title/Permits	201	\$11,000.00	\$0.00	\$11,000.00
D-Insurance	202	\$4,000.00	\$0.00	\$4,000.00
PS-Damages/ROW	203	\$5,000.00	\$0.00	\$5,000.00
PS-Survey/Stake Lctn	204	\$6,000.00	\$0.00	\$6,000.00
D-Lctn/Pits/Roads	205	\$112,000.00	\$0.00	\$112,000.00
D-Drilling Overhead	206	\$9,000.00	\$0.00	\$9,000.00
D-Daywork Contract	209	\$660,000.00	\$0.00	\$660,000.00
D-Directional Drlg Services	210	\$280,000.00	\$0.00	\$280,000.00
D-Fuel & Power	211	\$150,000.00	\$0.00	\$150,000.00
D-Water	212	\$55,000.00	\$0.00	\$55,000.00
D-Bits	213	\$104,000.00	\$0.00	\$104,000.00
D-Mud & Chemicals	214	\$245,000.00	\$0.00	\$245,000.00
D-Cement Surface	217	\$30,000.00	\$0.00	\$30,000.00
D-Cement Intermed	218	\$80,000.00	\$0.00	\$80,000.00
D-Prod-2nd Int Cmt	219	\$105,000.00	\$0.00	\$105,000.00
D-Float Equipment & Centralizers	221	\$40,000.00	\$0.00	\$40,000.00
D-Csg Crews & Equip	222	\$50,000.00	\$0.00	\$50,000.00
D-Contract Labor	225	\$6,500.00	\$0.00	\$6,500.00
D-Company Sprvsn	226	\$72,000.00	\$0.00	\$72,000.00
D-Contract Sprvsn	227	\$110,000.00	\$0.00	\$110,000.00
D-Tstg Csg/Tbg	228	\$30,000.00	\$0.00	\$30,000.00
D-Mud Logging Unit	229	\$40,000.00	\$0.00	\$40,000.00
D-Perf/Wireline Svc	231	\$4,000.00	\$0.00	\$4,000.00
D-Rentals-Surface	235	\$170,000.00	\$0.00	\$170,000.00
D-Rentals-Subsfc	236	\$170,000.00	\$0.00	\$170,000.00
D-Trucking/Forklift/Rig Mob	237	\$140,000.00	\$0.00	\$140,000.00
D-Welding Services	238	\$3,500.00	\$0.00	\$3,500.00
D-Contingency	243	\$44,000.00	\$0.00	\$44,000.00
D-Envrnmntl/Clsd Loop	244	\$265,000.00	\$0.00	\$265,000.00
C-Lctn/Pits/Roads	305	\$10,000.00	\$0.00	\$10,000.00
C-Frac Equipment	307	\$1,482,000.00	\$0.00	\$1,482,000.00
C-Frac Chemicals	308	\$776,000.00	\$0.00	\$776,000.00
C-Frac Proppant	309	\$1,150,000.00	\$0.00	\$1,150,000.00
C-Frac Proppant Transportation	310	\$148,000.00	\$0.00	\$148,000.00
C-Fuel & Power	311	\$5,000.00	\$0.00	\$5,000.00
C-Water	312	\$930,000.00	\$0.00	\$930,000.00
C-Bits	313	\$9,000.00	\$0.00	\$9,000.00
C-Mud & Chemicals	314	\$25,000.00	\$0.00	\$25,000.00
C-Contract Labor	325	\$8,200.00	\$0.00	\$8,200.00
C-Company Sprvsn	326	\$15,000.00	\$0.00	\$15,000.00
C-Contract Sprvsn	327	\$134,000.00	\$0.00	\$134,000.00
C-Tstg Csg/Tbg	328	\$5,000.00	\$0.00	\$5,000.00
C-Perf/Wireline Svc	331	\$600,000.00	\$0.00	\$600,000.00
C-Stimulation/Treating	332	\$12,000.00	\$0.00	\$12,000.00
C-Completion Unit	333	\$60,000.00	\$0.00	\$60,000.00
C-Rentals-Surface	335	\$296,000.00	\$0.00	\$296,000.00
C-Rentals-Subsfc	336	\$65,000.00	\$0.00	\$65,000.00
C-Trucking/Forklift/Rig Mob	337	\$22,500.00	\$0.00	\$22,500.00
C-Welding Services	338	\$5,000.00	\$0.00	\$5,000.00
C-Water Disposal	339	\$60,000.00	\$0.00	\$60,000.00
C-Contingency	343	\$250,000.00	\$0.00	\$250,000.00
C-Envrnmntl/Clsd Loop	344	\$5,000.00	\$0.00	\$5,000.00
C-Dyed Diesel	345	\$435,000.00	\$0.00	\$435,000.00
C-Coil Tubing	346	\$422,000.00	\$0.00	\$422,000.00
C-Flowback Crews & Equip	347	\$48,000.00	\$0.00	\$48,000.00
TB-Location/Pits/Roads	353	\$73,000.00	\$0.00	\$73,000.00
TB-Contract Labor	356	\$69,000.00	\$0.00	\$69,000.00
TB-Water Disposal	362	\$135,000.00	\$0.00	\$135,000.00
PEQ-Contract Labor	374	\$6,500.00	\$0.00	\$6,500.00
PEQ-Contract Supervision	376	\$5,000.00	\$0.00	\$5,000.00
PEQ-Completion Unit	381	\$9,000.00	\$0.00	\$9,000.00
PEQ-Rentals-Surface	383	\$7,000.00	\$0.00	\$7,000.00
PEQ-Trkg/Forklift/Rig Mobilization	385	\$3,000.00	\$0.00	\$3,000.00
Total Intangible Costs		\$10,285,200.00	\$0.00	\$10,285,200.00
Total Gross Cost		\$12,220,000.00	\$0.00	\$12,220,000.00

Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: 8.9.18

We approve:

% Working Interest

COG Operating LLC

By: _____

Company:

By: _____

Printed Name:

Title:

Date:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.



August 9, 2018

Via Certified Mail, Return Receipt Requested

WORKING INTEREST OWNERS ON ATTACHED EXHIBIT "A"

Re: **Way South State Com 704H & 705H** (Sierra pad)
E/2 of Sections 19, 30, 31, T26S-R28E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating, LLC ("COG") hereby proposes the drilling of the following horizontal wells with productive laterals located in the E/2 of Sections 19, 30, & 31, T26S-R28E, Eddy County, New Mexico. The surface pad locations will be located in Unit O of Section 31, T26S-R28E (subject to change).

- **Way South State Com 704H**, to be drilled to a depth sufficient to test the WFMP B formation at a total measured depth of 20,900'. The surface location for this well is proposed at a legal location in Unit G of Section 31, and a bottom hole location at a legal location in Unit A of Section 19. The dedicated project area will be the E/2 of Sections 19, 30, and 31, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$12,220,000, as shown on the attached Authority for Expenditure ("AFE").
- **Way South State Com 705H**, to be drilled to a depth sufficient to test the WFMP A Shale formation at a total measured depth of 20,700'. The surface location for this well is proposed at a legal location in Unit G of Section 31, and a bottom hole location at a legal location in Unit B of Section 19. The dedicated project area will be the E/2 of Sections 19, 30, and 31, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$12,220,000, as shown on the attached AFE.

COG is proposing this well under the terms of a new Operating Agreement which will follow under separate cover.

If we do not reach an agreement within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements, to my attention at the letterhead address or by email to aroush@concho.com. Should you have any questions, please do not hesitate to contact me at 432.818.2358.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-9
Submitted by: COG Operating LLC
Hearing Date: January 10, 2019
Case No. 20078

Sincerely,

COG Operating LLC

Ashley Roush, RPL
Landman

AR:bh
Enc

_____ I/We hereby elect to participate in the drilling and completion of the
Way South State Com 704H.

_____ I/We hereby elect not to participate in the drilling and completion of the
Way South State Com 704H.

_____ I/We hereby elect to participate in the drilling and completion of the
Way South State Com 705H.

_____ I/We hereby elect not to participate in the drilling and completion of the
Way South State Com 705H.

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT "A"
WORKING INTEREST OWNERS

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4873

Chevron U.S.A. Inc.

6301 Deauville

Midland, TX 79706

Attn: Kristen Hunter

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4880

EOG Y Resources Inc.

EOG A Resources Inc.

EOG M Resources Inc.

5509 Champions Drive

Midland, TX 79706

Attn: Land Manager

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4958

OXY Y-1 Company

5 Greenway Plaza, Suite 110

Houston, TX 77046

Attn: Jeremy Murphrey

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name WAY SOUTH STATE COM 704H
SHL: 210 FSL & 1465 FEL (OR UNIT G), SEC. 31
BHL: 200 FNL & 1310 FEL (OR UNIT A), SEC. 19
Formation WOLFCAMP B
Legal 19, 30, 31, T26S-R28E
AFE Numbers

Prospect
State & County
Objective
Depth
TVD

Altas 2628
NEW MEXICO, EDDY COUNTY
Drill & Complete
20,900
9,325

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$48,000.00	\$0.00	\$48,000.00
D-Intermed Csg	402	\$378,000.00	\$0.00	\$378,000.00
D-Production Casing/Liner	403	\$405,000.00	\$0.00	\$405,000.00
D-Wellhead Equip	405	\$40,000.00	\$0.00	\$40,000.00
C-Tubing	504	\$47,300.00	\$0.00	\$47,300.00
C-Wellhead Equip	505	\$27,500.00	\$0.00	\$27,500.00
PEQ-Pumping Unit	506	\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508	\$35,000.00	\$0.00	\$35,000.00
TB-Tanks	510	\$56,000.00	\$0.00	\$56,000.00
TB-Flowlines/Pipelines	511	\$117,000.00	\$0.00	\$117,000.00
TB-Hlr Trlr/Septr	512	\$117,000.00	\$0.00	\$117,000.00
TB-Electrical System/Equipment	513	\$88,000.00	\$0.00	\$88,000.00
C-Pckrs/Anchors/Hgrs	514	\$66,000.00	\$0.00	\$66,000.00
TB-Couplings/Fittings/Valves	515	\$165,000.00	\$0.00	\$165,000.00
TB-Gas Lift/Compression	516	\$35,000.00	\$0.00	\$35,000.00
C-Miscellaneous	519	\$80,000.00	\$0.00	\$80,000.00
TB-Pumps-Surface	521	\$18,000.00	\$0.00	\$18,000.00
TB-Meters/Lacts	525	\$32,000.00	\$0.00	\$32,000.00
TB-Flares/Combustors/Emission	526	\$31,000.00	\$0.00	\$31,000.00
C-Gas Lift/Compression	527	\$15,000.00	\$0.00	\$15,000.00
PEQ-Instrumentation/SCADA/POC	529	\$7,000.00	\$0.00	\$7,000.00
PEQ-Tubing	530	\$5,000.00	\$0.00	\$5,000.00
PEQ-Wellhead Equipment	531	\$3,000.00	\$0.00	\$3,000.00
PEQ-Pumps	532	\$5,000.00	\$0.00	\$5,000.00
PEQ-Electrical System	533	\$15,000.00	\$0.00	\$15,000.00
PEQ-Packers/Anchors/Hangers	534	\$2,000.00	\$0.00	\$2,000.00
PEQ-Miscellaneous	535	\$3,000.00	\$0.00	\$3,000.00
Total Tangible Costs		\$1,934,800.00	\$0.00	\$1,934,800.00
Intangible Costs				
PS-Title/Permits	201	\$11,000.00	\$0.00	\$11,000.00
D-Insurance	202	\$4,000.00	\$0.00	\$4,000.00
PS-Damages/ROW	203	\$5,000.00	\$0.00	\$5,000.00
PS-Survey/Stake Lotn	204	\$6,000.00	\$0.00	\$6,000.00
D-LcIn/Pits/Roads	205	\$112,000.00	\$0.00	\$112,000.00
D-Drilling Overhead	206	\$9,000.00	\$0.00	\$9,000.00
D-Daywork Contract	209	\$660,000.00	\$0.00	\$660,000.00
D-Directional Drig Services	210	\$280,000.00	\$0.00	\$280,000.00
D-Fuel & Power	211	\$150,000.00	\$0.00	\$150,000.00
D-Water	212	\$55,000.00	\$0.00	\$55,000.00
D-Bits	213	\$104,000.00	\$0.00	\$104,000.00
D-Mud & Chemicals	214	\$245,000.00	\$0.00	\$245,000.00
D-Cement Surface	217	\$30,000.00	\$0.00	\$30,000.00
D-Cement Intermed	218	\$80,000.00	\$0.00	\$80,000.00
D-Prod-2nd Int Cmt	219	\$105,000.00	\$0.00	\$105,000.00
D-Float Equipment & Centralizers	221	\$40,000.00	\$0.00	\$40,000.00
D-Csg Crews & Equip	222	\$50,000.00	\$0.00	\$50,000.00
D-Contract Labor	225	\$6,500.00	\$0.00	\$6,500.00
D-Company Sprvsn	226	\$72,000.00	\$0.00	\$72,000.00
D-Contract Sprvsn	227	\$110,000.00	\$0.00	\$110,000.00
D-Tslg Csg/Tbg	228	\$30,000.00	\$0.00	\$30,000.00
D-Mud Logging Unit	229	\$40,000.00	\$0.00	\$40,000.00
D-Perf/Wireline Svc	231	\$4,000.00	\$0.00	\$4,000.00
D-Rentals-Surface	235	\$170,000.00	\$0.00	\$170,000.00
D-Rentals-Subsfc	236	\$170,000.00	\$0.00	\$170,000.00
D-Trucking/Forklift/Rig Mob	237	\$140,000.00	\$0.00	\$140,000.00
D-Welding Services	238	\$3,500.00	\$0.00	\$3,500.00
D-Contingency	243	\$44,000.00	\$0.00	\$44,000.00
D-Envrnmntl/Cld Loop	244	\$265,000.00	\$0.00	\$265,000.00
C-LcIn/Pits/Roads	305	\$10,000.00	\$0.00	\$10,000.00
C-Frac Equipment	307	\$1,482,000.00	\$0.00	\$1,482,000.00
C-Frac Chemicals	308	\$776,000.00	\$0.00	\$776,000.00
C-Frac Proppant	309	\$1,150,000.00	\$0.00	\$1,150,000.00
C-Frac Proppant Transportation	310	\$148,000.00	\$0.00	\$148,000.00
C-Fuel & Power	311	\$5,000.00	\$0.00	\$5,000.00
C-Water	312	\$930,000.00	\$0.00	\$930,000.00
C-Bits	313	\$9,000.00	\$0.00	\$9,000.00
C-Mud & Chemicals	314	\$25,000.00	\$0.00	\$25,000.00
C-Contract Labor	325	\$8,200.00	\$0.00	\$8,200.00
C-Company Sprvsn	326	\$15,000.00	\$0.00	\$15,000.00
C-Contract Sprvsn	327	\$134,000.00	\$0.00	\$134,000.00
C-Tslg Csg/Tbg	328	\$5,000.00	\$0.00	\$5,000.00
C-Perf/Wireline Svc	331	\$600,000.00	\$0.00	\$600,000.00
C-Stimulation/Treating	332	\$12,000.00	\$0.00	\$12,000.00
C-Completion Unit	333	\$60,000.00	\$0.00	\$60,000.00
C-Rentals-Surface	335	\$296,000.00	\$0.00	\$296,000.00
C-Rentals-Subsfc	336	\$65,000.00	\$0.00	\$65,000.00
C-Trucking/Forklift/Rig Mob	337	\$22,500.00	\$0.00	\$22,500.00
C-Welding Services	338	\$5,000.00	\$0.00	\$5,000.00
C-Water Disposal	339	\$60,000.00	\$0.00	\$60,000.00
C-Contingency	343	\$250,000.00	\$0.00	\$250,000.00
C-Envrnmntl/Cld Loop	344	\$5,000.00	\$0.00	\$5,000.00
C-Dyed Diesel	345	\$435,000.00	\$0.00	\$435,000.00
C-Coil Tubing	348	\$422,000.00	\$0.00	\$422,000.00
C-Flowback Crews & Equip	347	\$48,000.00	\$0.00	\$48,000.00
TB-Location/Pits/Roads	353	\$73,000.00	\$0.00	\$73,000.00
TB-Contract Labor	356	\$69,000.00	\$0.00	\$69,000.00
TB-Water Disposal	362	\$135,000.00	\$0.00	\$135,000.00
PEO-Contract Labor	374	\$6,500.00	\$0.00	\$6,500.00
PEO-Contract Supervision	376	\$5,000.00	\$0.00	\$5,000.00
PEQ-Completion Unit	381	\$8,000.00	\$0.00	\$8,000.00
PEQ-Rentals-Surface	383	\$7,000.00	\$0.00	\$7,000.00
PEQ-Tlrg/Forklft/Rig Mobilization	385	\$3,000.00	\$0.00	\$3,000.00
Total Intangible Costs		\$10,285,200.00	\$0.00	\$10,285,200.00
Total Gross Cost		\$12,220,000.00	\$0.00	\$12,220,000.00

Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: 6.9.18

We approve:

% Working Interest

COG Operating LLC

By: _____

Company:

By: _____

Printed Name:

Title:

Date:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete

Well Name WAY SOUTH STATE COM 706H
 SHL: 210 FSL & 1495 FEL (OR UNIT G), SEC. 31
 BHL: 200 FNL & 1660 FEL (OR UNIT B), SEC. 19
 Formation WOLF CAMP A SHALE
 Legal 19, 30, 31, T26S-R28E
 AFE Numbers

Prospect Atlas 2628
 State & County NEW MEXICO, EDDY COUNTY
 Objective Drill & Complete
 Depth 20,700
 TVD 9,118

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$48,000.00	\$0.00	\$48,000.00
D-Interior Csg	402	\$376,000.00	\$0.00	\$376,000.00
D-Production Casing/Liner	403	\$405,000.00	\$0.00	\$405,000.00
D-Wellhead Equip	405	\$40,000.00	\$0.00	\$40,000.00
C-Tubing	504	\$47,300.00	\$0.00	\$47,300.00
C-Wellhead Equip	505	\$27,500.00	\$0.00	\$27,500.00
PEQ-Pumping Unit	506	\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508	\$35,000.00	\$0.00	\$35,000.00
TB-Tanks	510	\$56,000.00	\$0.00	\$56,000.00
TB-Flowlines/Pipelines	511	\$117,000.00	\$0.00	\$117,000.00
TB-Hlr Trlr/Seprlr	512	\$117,000.00	\$0.00	\$117,000.00
TB-Electrical System/Equipment	513	\$88,000.00	\$0.00	\$88,000.00
C-Pckrs/Anchors/Hgrs	514	\$66,000.00	\$0.00	\$66,000.00
TB-Couplings/Fittings/Valves	515	\$165,000.00	\$0.00	\$165,000.00
TB-Gas Lift/Compression	516	\$35,000.00	\$0.00	\$35,000.00
C-Miscellaneous	519	\$80,000.00	\$0.00	\$80,000.00
TB-Pumps-Surface	521	\$18,000.00	\$0.00	\$18,000.00
TB-Meters/Lacts	525	\$32,000.00	\$0.00	\$32,000.00
TB-Flares/Combusters/Emission	526	\$31,000.00	\$0.00	\$31,000.00
C-Gas Lift/Compression	527	\$15,000.00	\$0.00	\$15,000.00
PEQ-Instrumentation/SCADA/POC	529	\$7,000.00	\$0.00	\$7,000.00
PEQ-Tubing	530	\$5,000.00	\$0.00	\$5,000.00
PEQ-Wellhead Equipment	531	\$3,000.00	\$0.00	\$3,000.00
PEQ-Pumps	532	\$5,000.00	\$0.00	\$5,000.00
PEQ-Electrical System	533	\$15,000.00	\$0.00	\$15,000.00
PEQ-Packers/Anchors/Hangers	534	\$2,000.00	\$0.00	\$2,000.00
PEQ-Miscellaneous	535	\$3,000.00	\$0.00	\$3,000.00
Total Tangible Costs		\$1,934,800.00	\$0.00	\$1,934,800.00
Intangible Costs				
PS-Title/Permits	201	\$11,000.00	\$0.00	\$11,000.00
D-Insurance	202	\$4,000.00	\$0.00	\$4,000.00
PS-Damages/ROW	203	\$5,000.00	\$0.00	\$5,000.00
PS-Survey/Slake LcIn	204	\$6,000.00	\$0.00	\$6,000.00
D-LcIn/Pits/Roads	205	\$112,000.00	\$0.00	\$112,000.00
D-Drilling Overhead	206	\$9,000.00	\$0.00	\$9,000.00
D-Daywork Contract	209	\$660,000.00	\$0.00	\$660,000.00
D-Directional Drig Services	210	\$280,000.00	\$0.00	\$280,000.00
D-Fuel & Power	211	\$150,000.00	\$0.00	\$150,000.00
D-Water	212	\$55,000.00	\$0.00	\$55,000.00
D-Bits	213	\$104,000.00	\$0.00	\$104,000.00
D-Mud & Chemicals	214	\$245,000.00	\$0.00	\$245,000.00
D-Cement Surface	217	\$30,000.00	\$0.00	\$30,000.00
D-Cement Informed	218	\$80,000.00	\$0.00	\$80,000.00
D-Prod-2nd Int. Cmt	219	\$105,000.00	\$0.00	\$105,000.00
D-Float Equipment & Centralizers	221	\$40,000.00	\$0.00	\$40,000.00
D-Csg Crews & Equip	222	\$50,000.00	\$0.00	\$50,000.00
D-Contract Labor	225	\$6,500.00	\$0.00	\$6,500.00
D-Company Sprvsn	226	\$72,000.00	\$0.00	\$72,000.00
D-Contract Sprvsn	227	\$110,000.00	\$0.00	\$110,000.00
D-Tstg Csg/Tbg	228	\$30,000.00	\$0.00	\$30,000.00
D-Mud Logging Unit	229	\$40,000.00	\$0.00	\$40,000.00
D-Perf/Wireline Svc	231	\$4,000.00	\$0.00	\$4,000.00
D-Rentals-Surface	235	\$170,000.00	\$0.00	\$170,000.00
D-Rentals-Subsrfc	236	\$170,000.00	\$0.00	\$170,000.00
D-Trucking/Forklift/Rig Mob	237	\$140,000.00	\$0.00	\$140,000.00
D-Welding Services	238	\$3,500.00	\$0.00	\$3,500.00
D-Contingency	243	\$44,000.00	\$0.00	\$44,000.00
D-Envrmtl/Clsd Loop	244	\$265,000.00	\$0.00	\$265,000.00
C-LcIn/Pits/Roads	305	\$10,000.00	\$0.00	\$10,000.00
C-Frac Equipment	307	\$1,482,000.00	\$0.00	\$1,482,000.00
C-Frac Chemicals	308	\$776,000.00	\$0.00	\$776,000.00
C-Frac Proppant	309	\$1,150,000.00	\$0.00	\$1,150,000.00
C-Frac Proppant Transportation	310	\$148,000.00	\$0.00	\$148,000.00
C-Fuel & Power	311	\$5,000.00	\$0.00	\$5,000.00
C-Water	312	\$930,000.00	\$0.00	\$930,000.00
C-Bits	313	\$9,000.00	\$0.00	\$9,000.00
C-Mud & Chemicals	314	\$25,000.00	\$0.00	\$25,000.00
C-Contract Labor	325	\$8,200.00	\$0.00	\$8,200.00
C-Company Sprvsn	326	\$15,000.00	\$0.00	\$15,000.00
C-Contract Sprvsn	327	\$134,000.00	\$0.00	\$134,000.00
C-Tstg Csg/Tbg	328	\$5,000.00	\$0.00	\$5,000.00
C-Perf/Wireline Svc	331	\$600,000.00	\$0.00	\$600,000.00
C-Stimulation/Treating	332	\$12,000.00	\$0.00	\$12,000.00
C-Completion Unit	333	\$60,000.00	\$0.00	\$60,000.00
C-Rentals-Surface	335	\$290,000.00	\$0.00	\$290,000.00
C-Rentals-Subsrfc	336	\$65,000.00	\$0.00	\$65,000.00
C-Trucking/Forklift/Rig Mob	337	\$22,500.00	\$0.00	\$22,500.00
C-Welding Services	338	\$5,000.00	\$0.00	\$5,000.00
C-Water Disposal	339	\$60,000.00	\$0.00	\$60,000.00
C-Contingency	343	\$250,000.00	\$0.00	\$250,000.00
C-Envrmtl/Clsd Loop	344	\$5,000.00	\$0.00	\$5,000.00
C-Dyed Diesel	345	\$435,000.00	\$0.00	\$435,000.00
C-Coil Tubing	346	\$422,000.00	\$0.00	\$422,000.00
C-Flowback Crews & Equip	347	\$48,000.00	\$0.00	\$48,000.00
TB-Location/Pits/Roads	353	\$73,000.00	\$0.00	\$73,000.00
TB-Contract Labor	356	\$69,000.00	\$0.00	\$69,000.00
TB-Water Disposal	362	\$135,000.00	\$0.00	\$135,000.00
PEQ-Contract Labor	374	\$6,500.00	\$0.00	\$6,500.00
PEQ-Contract Supervision	376	\$5,000.00	\$0.00	\$5,000.00
PEQ-Completion Unit	381	\$8,000.00	\$0.00	\$8,000.00
PEQ-Rentals-Surface	383	\$7,000.00	\$0.00	\$7,000.00
PEQ-Trkg/Forklift/Rig Mobilization	385	\$3,000.00	\$0.00	\$3,000.00
Total Intangible Costs		\$10,285,200.00	\$0.00	\$10,285,200.00
Total Gross Cost		\$12,220,000.00	\$0.00	\$12,220,000.00

Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By:

Date Prepared: 8.9.18

We approve:

% Working Interest

COG Operating LLC

By:

Company:

By:

Printed Name:

Title:

Date:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.



August 9, 2018

Via Certified Mail, Return Receipt Requested

WORKING INTEREST OWNERS ON ATTACHED EXHIBIT "A"

Re: **Way South State Com 706H, 707H, 708H** (Romeo pad)
E/2 of Sections 19, 30, 31, T26S-R28E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating, LLC ("COG") hereby proposes the drilling of the following horizontal wells with productive laterals located in the E/2 of Sections 19, 30, & 31, T26S-R28E, Eddy County, New Mexico. The surface pad locations will be located in Unit O of Section 31, T26S-R28E (subject to change).

- **Way South State Com 706H**, to be drilled to a depth sufficient to test the WFMP B formation at a total measured depth of 20,900'. The surface location for this well is proposed at a legal location in Unit G of Section 31, and a bottom hole location at a legal location in Unit B of Section 19. The dedicated project area will be the E/2 of Sections 19, 30, and 31, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$12,220,000, as shown on the attached Authority for Expenditure ("AFE").
- **Way South State Com 707H**, to be drilled to a depth sufficient to test the WFMP A Shale formation at a total measured depth of 20,700'. The surface location for this well is proposed at a legal location in Unit G of Section 31, and a bottom hole location at a legal location in Unit B of Section 19. The dedicated project area will be the E/2 of Sections 19, 30, and 31, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$12,220,000, as shown on the attached AFE.
- **Way South State Com 708H**, to be drilled to a depth sufficient to test the WFMP B formation at a total measured depth of 20,900'. The surface location for this well is proposed at a legal location in Unit G of Section 31, and a bottom hole location at a legal location in Unit B of Section 19. The dedicated project area will be the E/2 of Sections 19, 30, and 31, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$12,220,000, as shown on the attached AFE.

COG is proposing this well under the terms of a new Operating Agreement which will follow under separate cover.

If we do not reach an agreement within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements, to my attention at the letterhead address or by email to aroush@concho.com. Should you have any questions, please do not hesitate to contact me at 432.818.2358.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A-10
Submitted by: **COG Operating LLC**
Hearing Date: January 10, 201
Case No. 20078

Sincerely,

COG Operating LLC

Ashley Roush, RPL
Landman

AR:bh
Enc

_____ I/We hereby elect to participate in the drilling and completion of the
Way South State Com 706H.

_____ I/We hereby elect not to participate in the drilling and completion of the
Way South State Com 706H.

_____ I/We hereby elect to participate in the drilling and completion of the
Way South State Com 707H.

_____ I/We hereby elect not to participate in the drilling and completion of the
Way South State Com 707H.

_____ I/We hereby elect to participate in the drilling and completion of the
Way South State Com 708H.

_____ I/We hereby elect not to participate in the drilling and completion of the
Way South State Com 708H.

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT "A"
WORKING INTEREST OWNERS

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4873

Chevron U.S.A. Inc.

6301 Deauville

Midland, TX 79706

Attn: Kristen Hunter

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4880

EOG Y Resources Inc.

EOG A Resources Inc.

EOG M Resources Inc.

5509 Champions Drive

Midland, TX 79706

Attn: Land Manager

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7731 4958

OXY Y-1 Company

5 Greenway Plaza, Suite 110

Houston, TX 77046

Attn: Jeremy Murphrey

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name WAY SOUTH STATE COM 706H SHL: 210 FSL & 2280 FEL (OR UNIT G), SEC. 31 BHL: 200 FNL & 1980 FEL (OR UNIT B), SEC. 19 Formation WOLFCAMP B Legal 19, 30, 31, T26S-R28E AFE Numbers			Prospect State & County Objective Depth TVD	Alias 2628 NEW MEXICO, EDDY COUNTY Drill & Complete 20,900 9,315
Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$48,000.00	\$0.00	\$48,000.00
D-Intermed Csg	402	\$376,000.00	\$0.00	\$376,000.00
D-Production Casing/Liner	403	\$405,000.00	\$0.00	\$405,000.00
D-Wellhead Equip	405	\$40,000.00	\$0.00	\$40,000.00
C-Tubing	504	\$47,300.00	\$0.00	\$47,300.00
C-Wellhead Equip	505	\$27,500.00	\$0.00	\$27,500.00
PEQ-Pumping Unit	506	\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508	\$35,000.00	\$0.00	\$35,000.00
TB-Tanks	510	\$56,000.00	\$0.00	\$56,000.00
TB-Flowlines/Pipelines	511	\$117,000.00	\$0.00	\$117,000.00
TB-Hlr Trlr/Seprtr	512	\$117,000.00	\$0.00	\$117,000.00
TB-Electrical System/Equipment	513	\$88,000.00	\$0.00	\$88,000.00
C-Pckrs/Anchors/Hgrs	514	\$66,000.00	\$0.00	\$66,000.00
TB-Couplings/Fittings/Valves	515	\$165,000.00	\$0.00	\$165,000.00
TB-Gas Lift/Compression	516	\$35,000.00	\$0.00	\$35,000.00
C-Miscellaneous	519	\$80,000.00	\$0.00	\$80,000.00
TB-Pumps-Surface	521	\$18,000.00	\$0.00	\$18,000.00
TB-Melers/Lacts	525	\$32,000.00	\$0.00	\$32,000.00
TB-Flares/Combusters/Emission	526	\$31,000.00	\$0.00	\$31,000.00
C-Gas Lift/Compression	527	\$15,000.00	\$0.00	\$15,000.00
PEQ-Instrumentation/SCADA/POC	529	\$7,000.00	\$0.00	\$7,000.00
PEQ-Tubing	530	\$5,000.00	\$0.00	\$5,000.00
PEQ-Wellhead Equipment	531	\$3,000.00	\$0.00	\$3,000.00
PEQ-Pumps	532	\$5,000.00	\$0.00	\$5,000.00
PEQ-Electrical System	533	\$15,000.00	\$0.00	\$15,000.00
PEQ-Packers/Anchors/Hangers	534	\$2,000.00	\$0.00	\$2,000.00
PEQ-Miscellaneous	535	\$3,000.00	\$0.00	\$3,000.00
Total Tangible Costs		\$1,934,800.00	\$0.00	\$1,934,800.00
Intangible Costs				
PS-Title/Permits	201	\$11,000.00	\$0.00	\$11,000.00
D-Insurance	202	\$4,000.00	\$0.00	\$4,000.00
PS-Damages/ROW	203	\$5,000.00	\$0.00	\$5,000.00
PS-Survey/Slake LcIn	204	\$6,000.00	\$0.00	\$6,000.00
D-LcIn/Plts/Roads	205	\$112,000.00	\$0.00	\$112,000.00
D-Drilling Overhead	206	\$9,000.00	\$0.00	\$9,000.00
D-Daywork Contract	209	\$660,000.00	\$0.00	\$660,000.00
D-Directional Drlg Services	210	\$280,000.00	\$0.00	\$280,000.00
D-Fuel & Power	211	\$150,000.00	\$0.00	\$150,000.00
D-Water	212	\$55,000.00	\$0.00	\$55,000.00
D-Bits	213	\$104,000.00	\$0.00	\$104,000.00
D-Mud & Chemicals	214	\$245,000.00	\$0.00	\$245,000.00
D-Cement Surface	217	\$30,000.00	\$0.00	\$30,000.00
D-Cement Intermed	218	\$80,000.00	\$0.00	\$80,000.00
D-Prod-2nd Int Cmt	219	\$105,000.00	\$0.00	\$105,000.00
D-Float Equipment & Centralizers	221	\$40,000.00	\$0.00	\$40,000.00
D-Csg Crews & Equip	222	\$50,000.00	\$0.00	\$50,000.00
D-Contract Labor	225	\$6,500.00	\$0.00	\$6,500.00
D-Company Sprvsn	226	\$72,000.00	\$0.00	\$72,000.00
D-Contract Sprvsn	227	\$110,000.00	\$0.00	\$110,000.00
D-Tslg Csg/Tbg	228	\$30,000.00	\$0.00	\$30,000.00
D-Mud Logging Unit	229	\$40,000.00	\$0.00	\$40,000.00
D-Perf/Wireline Svc	231	\$4,000.00	\$0.00	\$4,000.00
D-Rentals-Surface	235	\$170,000.00	\$0.00	\$170,000.00
D-Rentals-Subsrfc	236	\$170,000.00	\$0.00	\$170,000.00
D-Trucking/Forklift/Rig Mob	237	\$140,000.00	\$0.00	\$140,000.00
D-Welding Services	238	\$3,500.00	\$0.00	\$3,500.00
D-Contingency	243	\$44,000.00	\$0.00	\$44,000.00
D-Envrnmnt/Clsd Loop	244	\$265,000.00	\$0.00	\$265,000.00
C-LcIn/Plts/Roads	305	\$10,000.00	\$0.00	\$10,000.00
C-Frac Equipment	307	\$1,482,000.00	\$0.00	\$1,482,000.00
C-Frac Chemicals	308	\$776,000.00	\$0.00	\$776,000.00
C-Frac Proppant	309	\$1,150,000.00	\$0.00	\$1,150,000.00
C-Frac Proppant Transportation	310	\$148,000.00	\$0.00	\$148,000.00
C-Fuel & Power	311	\$5,000.00	\$0.00	\$5,000.00
C-Water	312	\$930,000.00	\$0.00	\$930,000.00
C-Bits	313	\$9,000.00	\$0.00	\$9,000.00
C-Mud & Chemicals	314	\$25,000.00	\$0.00	\$25,000.00
C-Contract Labor	325	\$8,200.00	\$0.00	\$8,200.00
C-Company Sprvsn	326	\$15,000.00	\$0.00	\$15,000.00
C-Contract Sprvsn	327	\$134,000.00	\$0.00	\$134,000.00
C-Tslg Csg/Tbg	328	\$5,000.00	\$0.00	\$5,000.00
C-Perf/Wireline Svc	331	\$600,000.00	\$0.00	\$600,000.00
C-Stimulation/Treating	332	\$12,000.00	\$0.00	\$12,000.00
C-Completion Unit	333	\$60,000.00	\$0.00	\$60,000.00
C-Rentals-Surface	335	\$296,000.00	\$0.00	\$296,000.00
C-Rentals-Subsrfc	336	\$65,000.00	\$0.00	\$65,000.00
C-Trucking/Forklift/Rig Mob	337	\$22,500.00	\$0.00	\$22,500.00
C-Welding Services	338	\$5,000.00	\$0.00	\$5,000.00
C-Water Disposal	339	\$60,000.00	\$0.00	\$60,000.00
C-Contingency	343	\$250,000.00	\$0.00	\$250,000.00
C-Envrnmnt/Clsd Loop	344	\$5,000.00	\$0.00	\$5,000.00
C-Dyed Diesel	345	\$435,000.00	\$0.00	\$435,000.00
C-Coil Tubing	346	\$422,000.00	\$0.00	\$422,000.00
C-Flowback Crews & Equip	347	\$48,000.00	\$0.00	\$48,000.00
TB-Location/Plts/Roads	353	\$73,000.00	\$0.00	\$73,000.00
TB-Contract Labor	356	\$69,000.00	\$0.00	\$69,000.00
TB-Water Disposal	362	\$135,000.00	\$0.00	\$135,000.00
PEQ-Contract Labor	374	\$6,500.00	\$0.00	\$6,500.00
PEQ-Contract Supervision	376	\$5,000.00	\$0.00	\$5,000.00
PEQ-Completion Unit	381	\$8,000.00	\$0.00	\$8,000.00
PEQ-Rentals-Surface	383	\$7,000.00	\$0.00	\$7,000.00
PEQ-Trkg/Forklift/Rig Mobilization	385	\$3,000.00	\$0.00	\$3,000.00
Total Intangible Costs		\$10,285,200.00	\$0.00	\$10,285,200.00
Total Gross Cost		\$12,220,000.00	\$0.00	\$12,220,000.00

Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: 8/9/18

We approve:

% Working Interest

COG Operating LLC

By: _____

Company: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.



November 19, 2018

Via Certified Mail, Return Receipt Requested

WORKING INTEREST OWNERS ON ATTACHED EXHIBIT "A"

Re: **Way South State Com pad wells**
E/2 of Sections 19, 30, 31, T26S-R28E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating, LLC ("COG") previously proposed multiple Way South State Com wells to be drilled on three separate pads. COG is now rescinding the proposals and AFEs for the Way South State Com 707H and 708H wells, and notifying you that the previously proposed Way South State Com 701H, 702H, and 703H wells will be drilled on one pad, and the Way South State Com 704H, 705H, 706H will be drilled on another pad.

Should you have any questions, please do not hesitate to contact me at aroush@concho.com or 432.818.2358.

Sincerely,

COG Operating LLC

Ashley Roush, RPL
Senior Landman

AR:bh

November 19, 2018

Page 2

EXHIBIT "A"
WORKING INTEREST OWNERS

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7703 5341

Chevron U.S.A. Inc.

6301 Deauville

Midland, TX 79706

Attn: Kristen Hunter

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7703 5358

EOG Y Resources Inc.

EOG A Resources Inc.

EOG M Resources Inc.

5509 Champions Drive

Midland, TX 79706

Attn: Land Manager

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7038 7703 5365

OXY Y-1 Company

5 Greenway Plaza, Suite 110

Houston, TX 77046

Attn: Jeremy Murphrey

**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 NOS. 20078

**AFFIDAVIT OF MATT FISHER
IN SUPPORT OF CASE NO. 20078**

Matt Fisher, of lawful age and being first duly sworn, declares as follows:

1. My name is Matt Fisher. I work for COG Operating LLC ("COG") as a Geologist.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the amended application filed by COG in this case, and I have conducted a geologic study of the lands in the subject area.
4. COG is targeting the Wolfcamp A formation.
5. **COG Exhibit B-1** is a locator map. It shows COG's acreage in yellow. The path of the proposed wellbore for the proposed **Way South State Com No. 701H, 702H, 703H, 704H, 705H, and 706H** are marked and depicted with pink dashed lines. Existing Wolfcamp A producers are marked and depicted with the solid pink lines.
6. **COG Exhibit B-2** is a subsea structure map that I prepared off of the top of the Wolfcamp Formation. Once again, the proposed wellbore path for the proposed Way South State Com No. 701H, 702H, 703H, 704H, 705H, and 706H are depicted with pink dashed lines. The contour interval is 25 feet. The structure map shows that the Wolfcamp is dipping gently to the east. The structure appears consistent in this section. I do not observe any faulting, pinchouts, or

other geologic hazards to developing a horizontal well. The proposed Way South wells will be drilled approximately along strike with the Wolfcamp structure.

7. **COG Exhibit No. B-3** shows the three producing wells, depicted by the red circles, used to construct a cross-section from A to A' that is shown on Exhibit B-4. I consider these wells to be representative of the geology of the area.

8. **COG Exhibit No. B-4** is a stratigraphic cross section prepared by me for the three representative wells from A to A'. The two exterior wells in the cross-section, The Graham Nash 6H and the Augustus 1001H, show the following logs: gamma ray (black line in the first track), deep resistivity (green line in the middle track), and porosity (neutron in blue and density in red, on the far right track). The middle well in the cross section, the Sunday Silence 1H, only contains a gamma ray log but was used in the cross section because it is the closest well to the proposed Way South wells that contains logs through the Wolfcamp A interval. The proposed targeted interval for the Way South 701H, 702H and the 703H is labeled and depicted in green. The proposed targeted interval for the Way South 702H, 704H and the 706H is labeled and depicted in blue. The logs in the cross-section demonstrate that the target interval within the Wolfcamp A is consistent in thickness, across the entire proposed spacing unit.

9. Based on my geologic study of the areas, I have not identified any geologic impediments to drilling horizontal wells in the area.

10. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to each 40-acre unit comprising the spacing and proration units.

11. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.

12. In my opinion, the granting of COG's amended application in this case will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

13. **COG Exhibits B-1 through B-4** were either prepared by me or compiled under my direction and supervision.

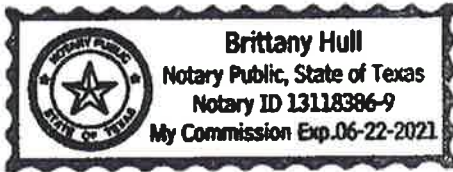
Matt Fisher

MATT FISHER

STATE OF TEXAS)

COUNTY OF Midland)

SUBSCRIBED and SWORN to before me this 9th day of January 2019 by Matt Fisher.



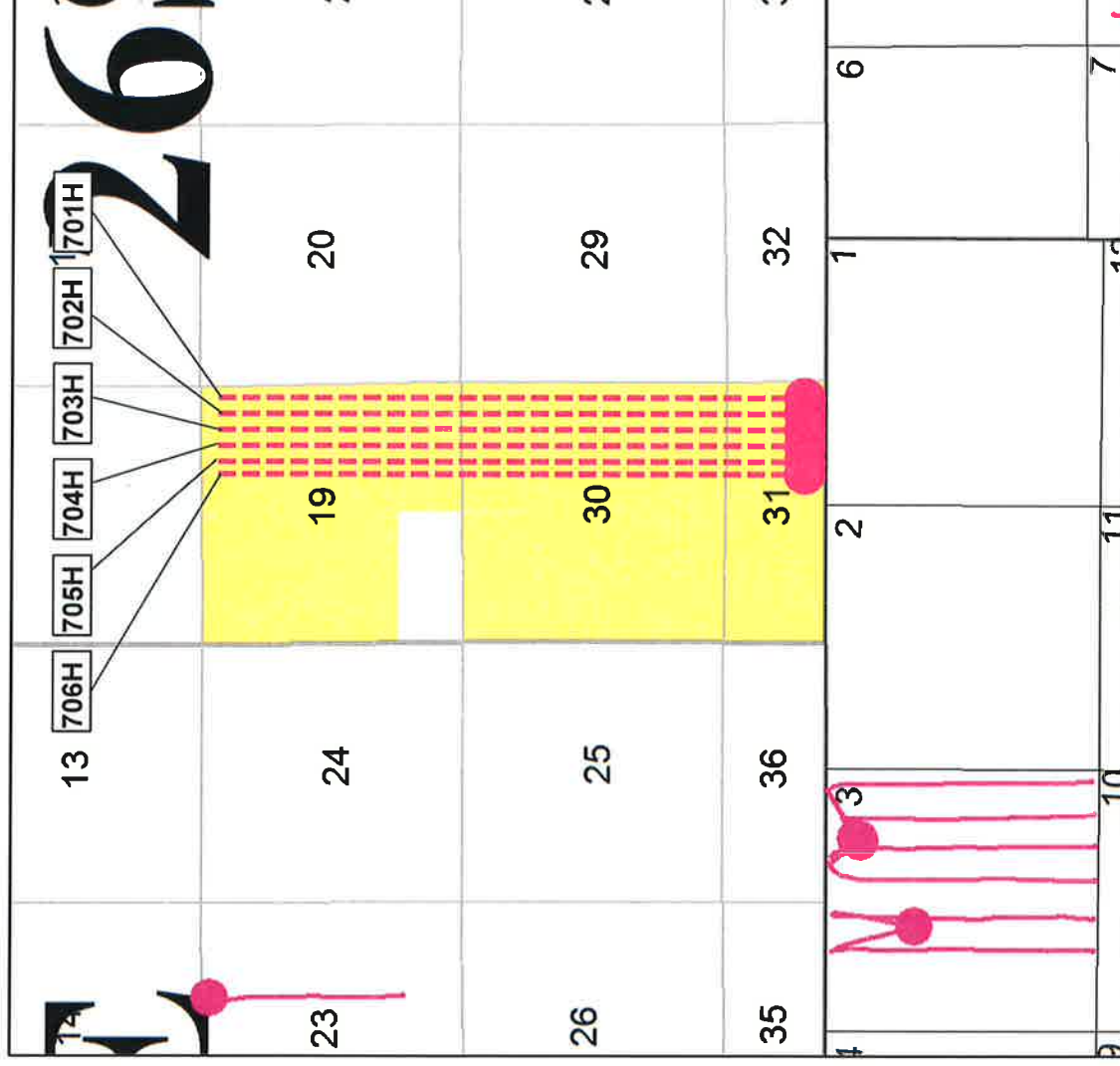
Brittany Hull
NOTARY PUBLIC

My Commission Expires:

6-22-21

Wolfcamp Pool

Way South State Com Locations



Map Legend

SHL
BHL

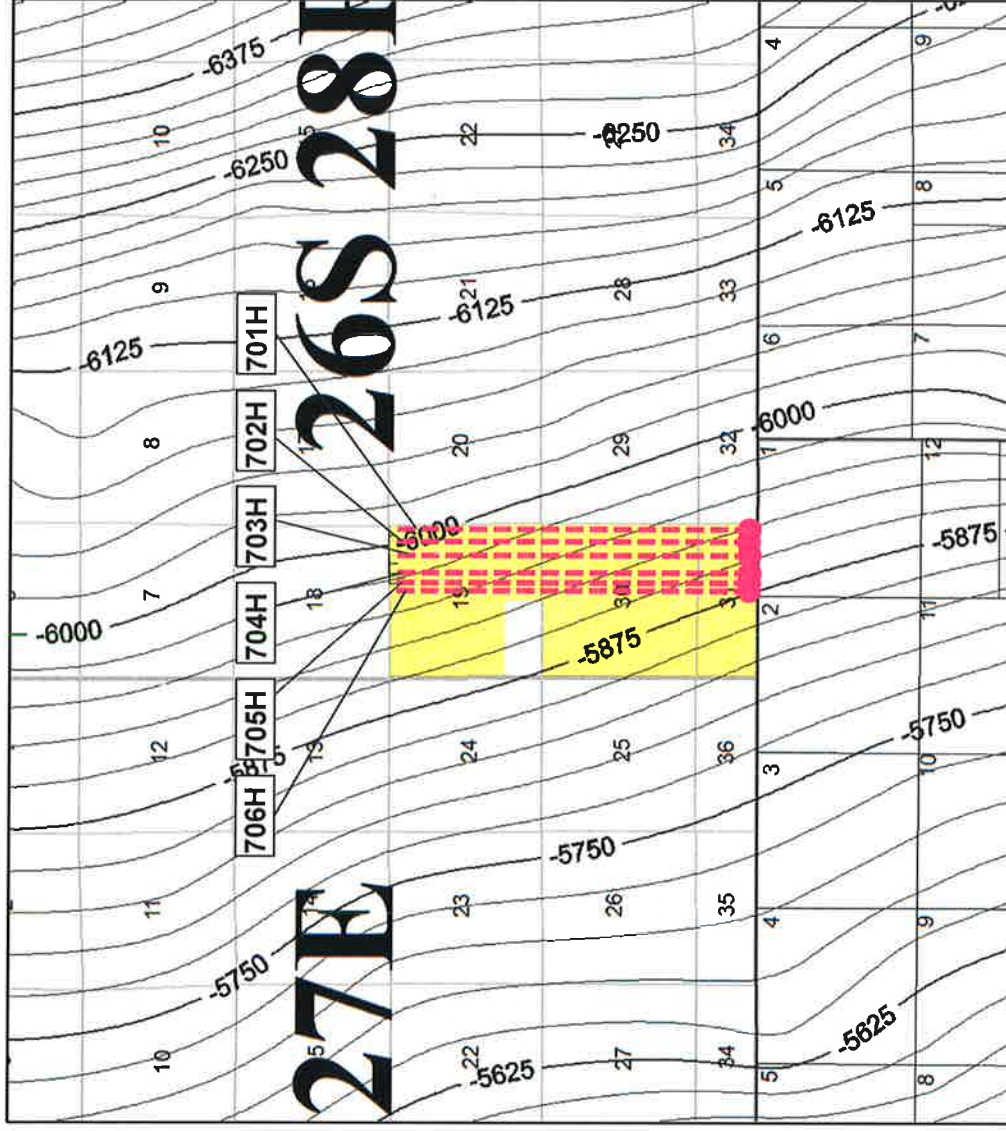
COG – Proposed Way South
Horizontal Location

Producing Wolfcamp A
Horizontals

COG Acreage

Wolfcamp Pool

Wolfcamp Subsea Structure Map



Map Legend

SHL

COG - Horizontal Location

BHL

Wolfcamp Subsea Structural
Contours
Cl: 25'

COG Acreage

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

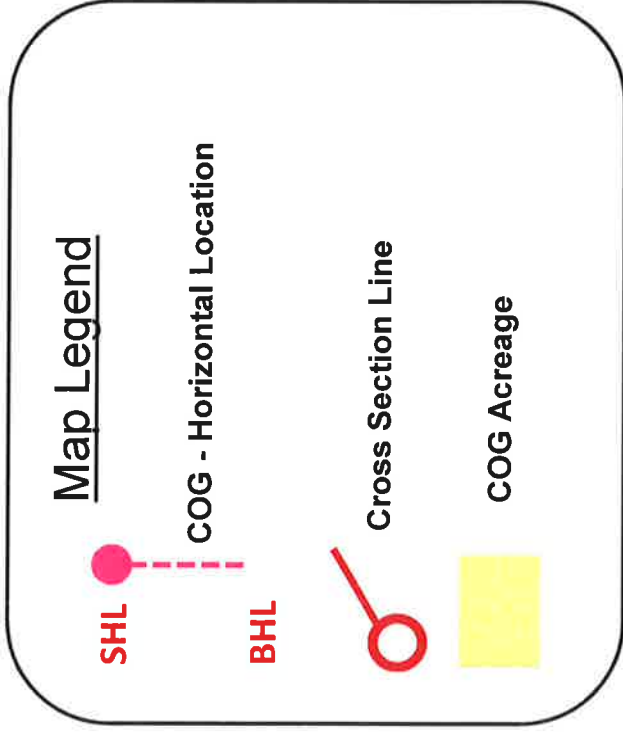
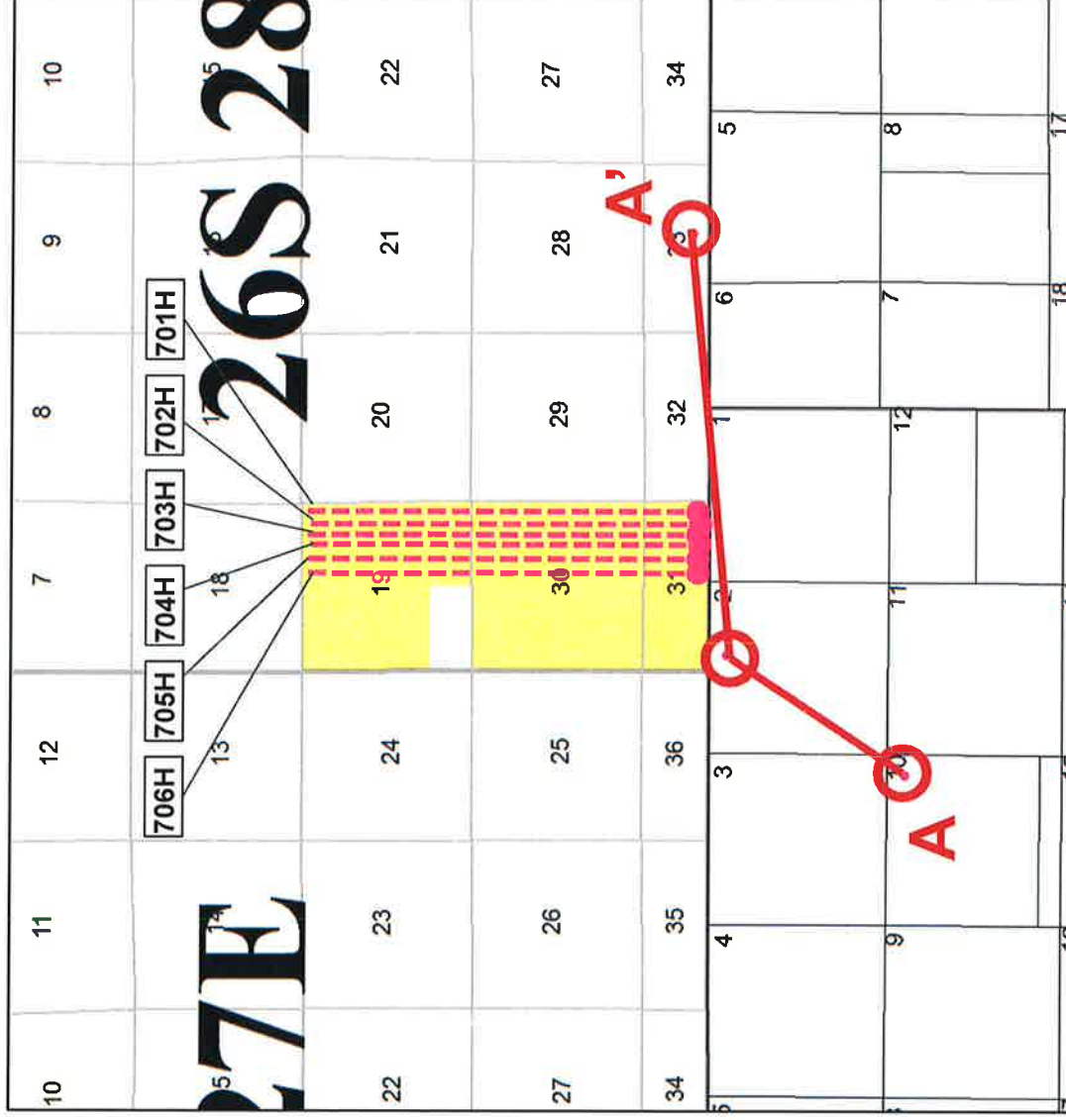
Exhibit No. B- 2

Submitted by: COG Operating LLC
Hearing Date: January 10, 2019
Case No. 20078

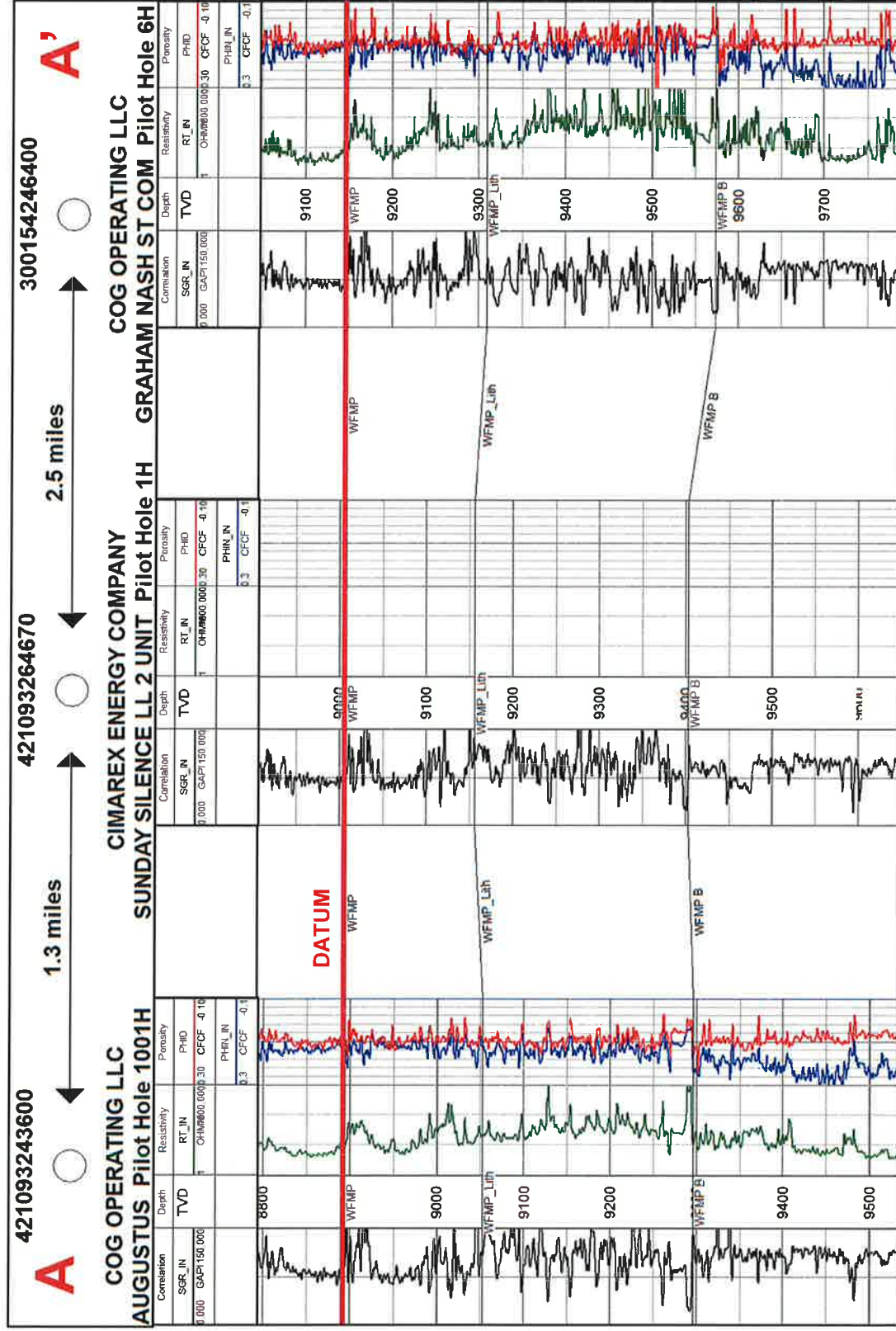


Wolfcamp Pool

Cross Section Location Map



Stratigraphic Cross Section A – A'



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico

Exhibit No. B-4
 Submitted by: COG Operating LLC
 Hearing Date: January 10, 2019
 Case No. 20078



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

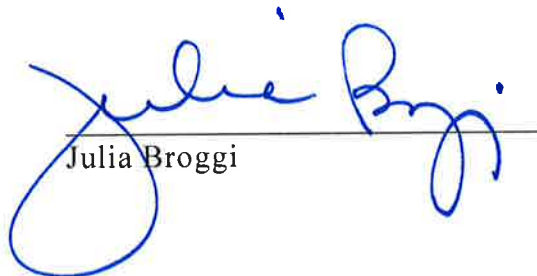
**APPLICATION COG OPERATING LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 20078

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Julia Broggi, attorney in fact and authorized representative of **COG OPERATING LLC**, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Amended Application has been provided under the notice letters and proof of receipts attached hereto.



Julia Broggi

SUBSCRIBED AND SWORN to before me this 9th day of January 2019 by Julia Broggi.



Notary Public
My Commission Expires
August 26, 2021

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: **COG Operating LLC**
Hearing Date: January 10, 201
Case No. 20078



December 21, 2018

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Amended Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico.

Way South State Com No. 701H, Way South State Com No. 702H, Way South State Com No. 703H, Way South State Com No. 704H, Way South State Com No. 705H, and Way South State Com No. 706H

Ladies & Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed amended application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on January 10, 2019. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices, located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Ashley Roush at (432) 818-2358 or ARoush@concho.com.

Sincerely,

Jordan L. Kessler

ATTORNEY FOR COG OPERATING LLC

	A	B	C	D	F	G	I	J	K
	MailClass	TrackingNo	CustomField1	TransactionDate	ToName	DeliveryAddress	City	State	Zip
1	Certified with Return Receipt (Signature)	9414810898765023670183	65175 - Way South 701-708H - 1	12/24/2018	Chevron USA Inc Attn: Kristen Hunter	6301 Deauville	Midland	TX	79706
2	Certified with Return Receipt (Signature)	9414810898765023670190	65175 - Way South 701-708H - 2	12/24/2018	EOG Y Resources Inc Attn: Land Manager	5509 Champions Drive	Midland	TX	79706
3	Certified with Return Receipt (Signature)	9414810898765023670206	65175 - Way South 701-708H - 3	12/24/2018	EOG A Resources Inc Attn: Land Manager	5509 Champions Drive	Midland	TX	79706
4	Certified with Return Receipt (Signature)	9414810898765023670213	65175 - Way South 701-708H - 4	12/24/2018	EOG M Resources Inc Attn: Land Manager	5509 Champions Drive	Midland	TX	79706
5	Certified with Return Receipt (Signature)	9414810898765023670237	65175 - Way South 701-708H - 5	12/24/2018	OXY Y-1 Company Attn: Jeremy Murphy	5 Greenway Plaza, Suite 110	Houston	TX	77046
6	Certified with Return Receipt (Signature)	9414810898765023670244	65175 - Way South 701-708H - 6	12/24/2018	Nearburg Exploration Company, LLC	PO Box 823085	Dallas	TX	75382
7	Certified with Return Receipt (Signature)	9414810898765023670251	65175 - Way South 701-708H - 7	12/24/2018	Nearburg Producing Company	PO Box 823085	Dallas	TX	75382
8	Certified with Return Receipt (Signature)								

N		U
1	MailDate	USPS_Status
2	12/24/2018	Your item was delivered to an individual at the address at 1:45 pm on January 7, 2019 in MIDLAND, TX 79706.
3	12/24/2018	We attempted to deliver your package at 11:29 am on January 7, 2019 in MIDLAND, TX 79706 but could not access the delivery location. We will redeliver on the next business day.
4	12/24/2018	We attempted to deliver your package at 11:29 am on January 7, 2019 in MIDLAND, TX 79706 but could not access the delivery location. We will redeliver on the next business day.
5	12/24/2018	We attempted to deliver your package at 11:29 am on January 7, 2019 in MIDLAND, TX 79706 but could not access the delivery location. We will redeliver on the next business day.
6	12/24/2018	Your item was delivered at 1:19 pm on January 7, 2019 in HOUSTON, TX 77227.
7	12/24/2018	Your item was picked up at the post office at 10:46 am on January 4, 2019 in DALLAS, TX 75231.
8	12/24/2018	All sorting has been completed at the delivery unit for today's deliveries at 9:48 am on January 7, 2019 in DALLAS, TX 75382.

CARLSBAD
CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001266674

DAVID WASHINGTON
110 NORTH GUADALUPE, SUITE 1 PO BOX 2208

SANTA FE NM 87504

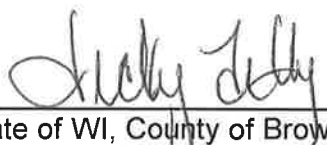
I, a legal clerk of the **Carlsbad Current-Argus**,
a newspaper published daily at the City of
Carlsbad, in said county of Eddy, state of New
Mexico and of general paid circulation in said
county; that the same is a duly qualified
newspaper under the laws of the State wherein
legal notices and advertisements may be
published; that the printed notice attached
hereto was published in the regular and entire
edition of said newspaper and not in supplement
thereof on the date as follows, to wit:

10/30/18



Legal Clerk

Subscribed and sworn before me this
30th of October 2018.



State of WI, County of Brown
NOTARY PUBLIC



My Commission Expires



Ad#:0001266674
P O : Way South State
of Affidavits :0.00

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: **COG Operating LLC**
Hearing Date: January 10, 201
Case No. 20078

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **November 15, 2018**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **November 5, 2018**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following case
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners, overriding royalty interest owners, and pooled parties, including: Chevron USA Inc.; EOG Y Resources Inc.; EOG A Resources Inc.; EOG M Resources Inc.; OXY Y-1 Company; Nearburg Exploration Company, LLC; Nearburg Producing Company.

Case No. 20078: Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation in the 767.59-acre horizontal spacing unit comprised of the E/2 of Section 19, the E/2 of Section 30, and the E/2 equivalent (N/2 NE/4, Lot 4, Lot 5) of Section 31, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. The horizontal spacing unit will be dedicated to eight initial wells, to be drilled simultaneously from three pads:

- The proposed **Way South State Com No. 701H Well**, the proposed **Way South State Com No. 702H Well**, and the proposed **Way South State Com No. 703H Well**, to be horizontally drilled from a surface location in the SE/4NE/4 (Lot 5) of Section 31 to a bottom hole location in NE/4NE/4 (Unit A) of Section 19.
- The proposed **Way South State Com No. 704H Well**, to be horizontally drilled from a surface location in the SW/4NE/4 (Lot 4) of Section 31 to a bottom hole location in NE/4NE/4 (Unit A) of Section 19.
- The proposed **Way South State Com No. 705H Well**, the proposed **Way South State Com No. 706H Well**, the proposed **Way South**

State Com No. 707H Well, and the proposed **Way South State Com No. 708H Well**, to be horizontally drilled from a surface location in the SW/4NE/4 (Lot 4) of Section 31 to a bottom hole location in NW/4NE/4 (Unit B) of Section 19.

The **Way South State Com No. 701H-707H Wells** will be at an orthodox location 330 feet from the outer boundary of the spacing unit pursuant to the Special Rules for the Purple Sage Pool. The completed interval for the **Way South State Com No. 708H Well** will be at a non-standard location. COG will apply administratively for approval of an unorthodox location for the **Way South State Com No. 708H Well**. Also to be considered will be approval of additional initial wells, an extension of the timeframe for drilling and completion thereof, the cost of drilling and completing the well the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 16 miles southwest of Malaga, New Mexico.

October 30, 2018 #1266674

CARLSBAD CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001272237

DAVID WASHINGTON
110 NORTH GUADALUPE, SUITE 1 PO BOX 2208

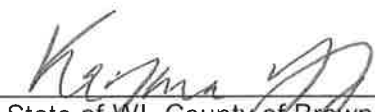
SANTA FE NM 87504

I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

12/22/18


Legal Clerk

Subscribed and sworn before me this
24th of December 2018.


State of WI, County of Brown
NOTARY PUBLIC

11/9/12
My Commission Expires

Ad#:0001272237
P O : 0001272237
of Affidavits :0.00



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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **January 10, 2019**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **December 31, 2018**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: Chevron-USA Inc.; EOG Y Resources Inc.; EOG A Resources Inc.; EOG M Resources Inc.; OXY Y-1 Company; Nearburg Exploration Company, LLC; Nearburg Producing Company.

Case No. 20078: Amended Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation in the 767.59-acre horizontal spacing unit comprised of the E/2 of Section 19, the E/2 of Section 30, and the E/2 equivalent (N/2 NE/4, Lot 4, Lot 5) of Section 31, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. The horizontal spacing unit will be dedicated to six initial wells, to be drilled simultaneously from two pads:

- The proposed **Way South State Com No. 701H Well**, the proposed **Way South State Com No. 702H Well**, and the proposed **Way South State Com No. 703H Well**, to be horizontally drilled from a surface location in the SE/4NE/4 (Lot 5) of Section 31 to a bottom hole location in NE/4NE/4 (Unit A) of Section 19.

- The proposed **Way South State Com No. 704H Well**, to be horizontally drilled from a surface location in the SW/4NE/4 (Lot 4) of Section 31 to a bottom hole location in NE/4NE/4 (Unit A) of Section 19.

- The proposed **Way South State Com No. 705H Well**, the proposed **Way South State Com No. 706H Well**, to be horizontally drilled from a surface location in the SW/4NE/4 (Lot 4) of Section 31 to a bottom hole location in NW/4NE/4 (Unit B) of Section 19.

The completed interval for all wells will be at an orthodox location 330 feet from the outer boundary of the spacing unit pursuant to the Special Rules for the Purple Sage Pool. Also, to be considered will be approval of additional initial wells, an extension of the timeframe for drilling and completion thereof, the cost of drilling and completing the well the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 16 miles southwest of Malaga, New Mexico.

Pub: December 22, 2018 #1272237