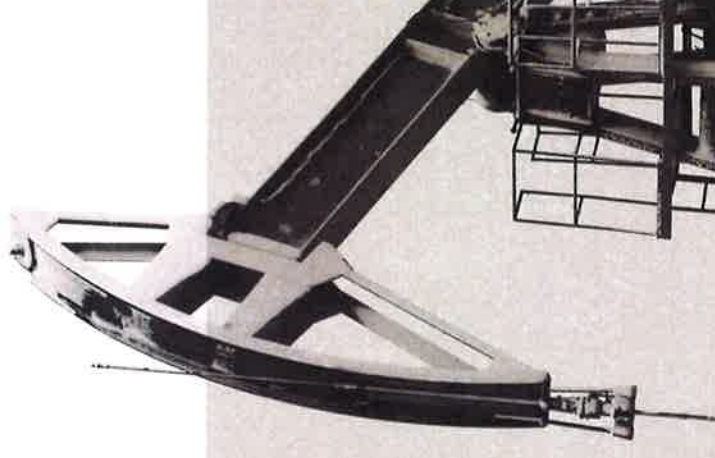


COG OPERATING LLC
PRICKLY PEAR FEDERAL COM 1H
Section 6-T20S-35E
Lea County, New Mexico



BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JANUARY 10, 2019

CASE NO. 20122



**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. 20122

**AFFIDAVIT OF DANNY KIDWELL
IN SUPPORT OF CASE NO. 20122**

Danny Kidwell, of lawful age and being first duly sworn, declares as follows:

1. My name is Danny Kidwell. 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 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 Bone Spring formation in the 160.91-acre horizontal spacing unit comprised of the E/2E/2 of Section 6, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; and (b) dedicating the horizontal spacing unit for the proposed **Prickly Pear 6 Federal Com No. 1H Well**.
6. COG has filed a Form C-102 with the Division for the proposed Prickly Pear 6 Federal Com No. 1H Well. A copy of C-102, along with a two-year sundry extension, is attached hereto as **COG Exhibit A-1**. The Pool Code is 97983.

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

8. There are no depth severances in the Bone Spring formation.

9. **COG Exhibit A-2** is an exhibit prepared by me that identifies the tracts of land comprising the spacing unit. This spacing unit includes federal 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 working interest owners, in particular only Chevron USA, Inc. There are no unleased mineral interest owners.

10. There are no overriding royalty interest owners

11. COG sent a well proposal letter to Chevron USA, Inc. An AFE was included with the well proposal letter. The costs reflected in the AFE 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 AFE, is attached as **COG Exhibit A-3**.

12. COG has made an estimate of overhead and administrative costs for drilling and producing the proposed well. 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.

13. In my opinion, COG has made good faith efforts to reach an agreement with Chevron USA, Inc. If COG reaches an agreement with Chevron USA, Inc. before the Division enters an order, I will let the Division know this.

14. I provided the law firm of Holland & Hart LLP the name and address for the proposed pool party. This is included in Exhibit C. There are no unlocatable interests.

15. COG Exhibit A-1 through A-3 were either prepared by me or compiled under my direction and supervision.

Danny Kidwell
DANNY KIDWELL

STATE OF TEXAS)
COUNTY OF Midland)

SUBSCRIBED and SWORN to before me this 9th day of January 2019 by
Danny Kidwell.

Becky Zindel
NOTARY PUBLIC

My Commission Expires:

7/10/21



11847726_1

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

DISTRICT II
611 S. FIRST ST., ARTESIA, NM 80210
Phone: (575) 748-1283 Fax: (575) 748-0720

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 30-025- 43337	Pool Code 97983	Pool Name WC-025 G-08 S203506D; BONE SPRING
Property Code 316384	Property Name PRICKLY PEAR 6 FEDERAL COM	Well Number 1H
OCRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3696.3

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	6	20-S	35-E		190	NORTH	330	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
P	6	20-S	35-E		330	SOUTH	380	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160.91			

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

LOT 4 41.36 AC	LOT 3 40.89 AC	LOT 2 40.78 AC	LOT 1 40.18 AC
As per LR2000 Lot 1 40.91 Ac		Y=586455.9 N X=759110.7 E	
LOT 5 39.67 AC		NAD 27 SURFACE LOCATION Y=586275.2 N X=760103.9 E LAT.=32.608935' N LONG.=103.488657' W	
LOT 6 39.75 AC		NAD 27 PROPOSED BOTTOM HOLE LOCATION Y=581487.3 N X=760097.4 E LAT.=32.595775' N LONG.=103.488802' W	
LOT 7 39.85 AC		Y=581164.8 N X=760482.1 E	
		Y=581139.0 N X=759163.6 E	
		NMNM007485	

GRID AZ. -180°04'40"
HORZ. DIST. -4787.9'

PROJECT AREA
PRODUCING AREA
NMNM0006413

OPERATOR CERTIFICATION
I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
Signature: *Melanie J Wilson* Date: 5/13/15
Printed Name: Melanie J Wilson
E-mail Address: mwilson@concho.com

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.
MARCH 26, 2015
Date of Survey
Signature & Seal of Professional Surveyor
CHAD L. HARCROW
NEW MEXICO
17777
LICENSED PROFESSIONAL SURVEYOR
4/2/15
Certificate No. CHAD HARCROW 17777
W.O. # 15-356 DRAWN BY: AF

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-1

Submitted by: COG Operating LLC

Hearing Date: January 10, 2019

Case No. 20122

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.5. Lease Serial No.
NMNM007485

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
PRICKLY PEAR 6 FEDERAL COM 1H9. API Well No.
30-025-43337-00-X110. Field and Pool or Exploratory Area
WC025G08S203506D-BONE SPRING11. County or Parish, State
LEA COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
COG OPERATING LLCContact: MAYTE REYES
E-Mail: mreyes1@concho.com3a. Address
ONE CONCHO CENTER 600 W ILLINOIS AVENUE
MIDLAND, TX 79701-42873b. Phone No. (include area code)
Ph: 575-748-6945

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 6 T20S R35E NENE 190FNL 330FEL

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

COG Operating LLC, respectfully requests approval for a two year extension to the above referenced APD.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #410454 verified by the BLM Well Information System
For COG OPERATING LLC, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 04/06/2018 (18PP0864SE)

Name (Printed/Typed) GENESIS G PEREZ-VASQUEZ

Title REGULATORY TECHNICIAN

Signature (Electronic Submission)

Date 04/05/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DUNCAN WHITLOCK

Title TECHNICAL LPET

Date 04/09/2018

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office Hobbs

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

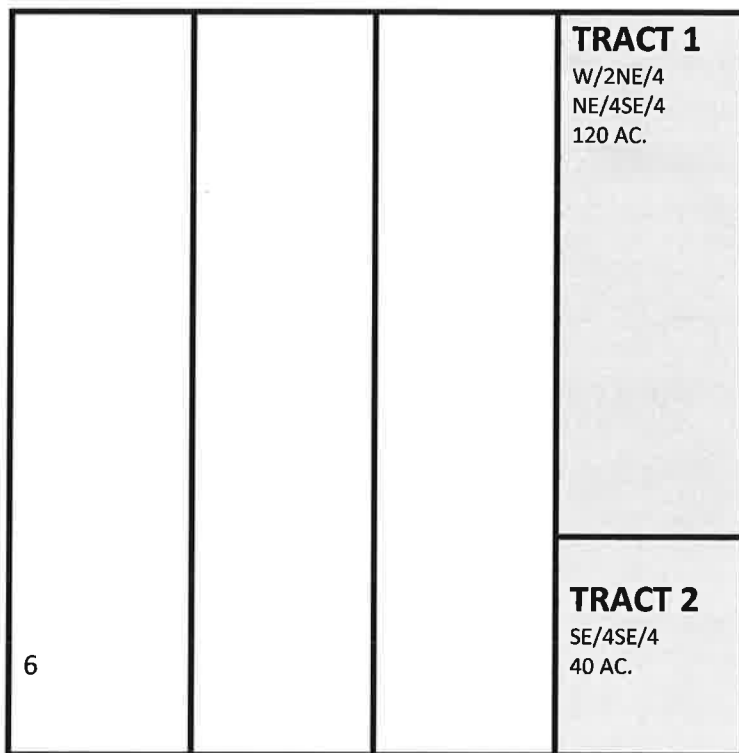
(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Revisions to Operator-Submitted EC Data for Sundry Notice #410454

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	OTHER NOI	APDCH NOI
Lease:	NMNM007485	NMNM007485
Agreement:		
Operator:	COG OPERATING LLC 2208 WEST MAIN STREET ARTESIA, NM 88210 Ph: 575-748-6940	COG OPERATING LLC ONE CONCHO CENTER 600 W ILLINOIS AVENUE MIDLAND, TX 79701-4287 Ph: 432.685.4342
Admin Contact:	MAYTE REYES SENIOR REGULATORY ANALYST E-Mail: mreyes1@concho.com Ph: 575-748-6945	MAYTE REYES SENIOR REGULATORY ANALYST E-Mail: mreyes1@concho.com Ph: 575-748-6945
Tech Contact:	GENESIS G PEREZ-VASQUEZ REGULATORY TECHNICIAN E-Mail: ggarzaperez@concho.com Ph: 575-748-6926	GENESIS G PEREZ-VASQUEZ REGULATORY TECHNICIAN E-Mail: ggarzaperez@concho.com Ph: 575-748-6926
Location:		
State:	NM	NM
County:	LEA	LEA
Field/Pool:	WC-025 G-08 S203506D;BS	WC025G08S203506D-BONE SPRING
Well/Facility:	PRICKLY PEAR 6 FEDERAL COM 1H Sec 6 T20S R35E NENE 190FNL 330FEL	PRICKLY PEAR 6 FEDERAL COM 1H Sec 6 T20S R35E NENE 190FNL 330FEL

Prickly Pear Federal Com 1H
T20S-R35E-Section 6, E/2E/2
Lea County, NM



Tract 1: Lot 1, SE/NE/4, NE/4SE/4 Section 6-T20S-R34E (120.91 ACRES)

<u>COG Operating LLC</u>	100.000000%
Total	100.000000%

Tract 2: SE/4SE/4 Section 32- T20S-R34E (40 ACRES)

<u>Chevron U.S.A. Inc.</u>	100.000000%
Total	100.000000%

UNIT RECAPITULATION
T20S-R35E-Section 6, E/2E/2
Lea County, NM

COG Operating LLC	75.000000%
<u>Chevron U.S.A. Inc.</u>	<u>25.000000%</u>
Total:	100.000000%

Interest seeking to Compulsory Pool



September 18, 2018

Chevron U.S.A., Inc.
6301 Deauville Blvd.
Attn: Jacob Velasco
Midland, Texas 79706

Re: Well Proposal – Prickly Pear 6 Federal Com 1H

Sec 6: E/2E/2

Township 20 South, Range 35 East, N.M.P.M.

SHL: 190' FNL and 330' FEL, or a legal location in Sec 6 (Lot 1)

BHL: 330' FSL and 380' FEL, or a legal location in Sec 6 (Unit P)

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC ("COG"), as Operator, hereby proposes to drill the **Prickly Pear 6 Federal Com 1H** well as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately **11,185'** and a MD of approximately **15,700'** to test the **Bone Spring** Formation ("Operation"). The total cost of the Operation is estimated to be **\$9,090,930.00**, and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers E/2E/2 of Section 6 - T20S-R35E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience. If you do not wish to participate, COG proposes to acquire your interest via term assignment. It has the following general provisions:

- 3 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$750 per net acre bonus consideration

The Term Assignment offer terminates November 30, 2018 and is subject to the approval of COG's management and verification of title.

If an agreement cannot be reached 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 if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-2535 or dkidwell@concho.com.

Respectfully,



Danny Kidwell
Senior Staff Landman
Delaware Basin East – New Mexico

_____ I/We hereby elect to participate in the **Prickly Pear 6 Federal Com 1H**.

_____ I/We hereby elect **not** to participate in the **Prickly Pear 6 Federal Com 1H**.

Company: Chevron U.S.A., Inc.

By: _____

Name: _____

Title: _____

Date: _____

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME:	PRICKLY PEAR 6 FEDERAL COM #1H	PROSPECT NAME:	Zues 2035 (717081)
SHL:	Sec 6: 190 FNL & 330 FEL	STATE & COUNTY:	New Mexico, Lea
BHL:	Sec 6: 330 FSL & 380 FEL	OBJECTIVE:	Drill and Complete
FORMATION:	3rd Bone Spring	DEPTH:	15,700
LEGAL:	Sec 6: T20S R35E	TVD:	11,185
	Lot 1, SE/4NE/4, NE/4SE/4, SE/4SE/4		

		Drig - Rig Release(D)	Completion(C)	Tank Bty Constrctn(TB)	Pmpg Equipment(PEQ)	TOTAL
INTANGIBLE COSTS						
Title/Curtain/Permit	201	20,000				20,000
Insurance	202	2,500	302			2,500
Damages/Right of Way	203	20,000	303	351	100	20,100
Survey/Stake Location	204	7,000		352	2,500	9,500
Location/Pits/Road Expense	205	135,000	305	353	75,000	220,000
Drilling / Completion Overhead	206	6,800	306			21,600
Turnkey Contract	207	0				0
Footage Contract	208	0				0
Daywork Contract	209	585,000				585,000
Directional Drilling Services	210	231,000				231,000
Frac Equipment			307			840,000
Frac Chemicals			308			215,000
Frac Proppant			309			370,000
Frac Proppant Transportation			310			182,000
Fuel & Power	211	125,000	311	354	367	161,000
Water	212	20,000	312		368	498,000
Bits	213	93,000	313		369	97,500
Mud & Chemicals	214	160,000	314		370	185,000
Drill Stem Test	215	0	315			0
Coring & Analysis	216	0				0
Cement Surface	217	22,500				22,500
Cement Intermediate	218	65,000				65,000
Cement 2nd Intermediate/Production	219	65,000				65,000
Cement Squeeze & Other (Kickoff Plug)	220	0			371	0
Float Equipment & Centralizers	221	40,000				40,000
Casing Crews & Equipment	222	55,000				55,000
Fishing Tools & Service	223	0	323		372	0
Geologic/Engineering	224	4,800	324	355	373	4,900
Contract Labor	225	6,500	325	356	374	283,000
Company Supervision	226	39,600	326	357	375	54,600
Contract Supervision	227	100,000	327	358	376	298,000
Testing Casing/Tubing	228	30,000	328		377	35,000
Mud Logging Unit	229	32,000	329			32,000
Logging	230	0			378	0
Perforating/Wireline Services	231	4,000	331		379	283,000
Stimulation/Treating			332		380	12,000
Completion Unit			333		381	58,800
Swabbing Unit			334		382	0
Rentals-Surface	235	115,000	335	359	383	422,000
Rentals-Subsurface	236	115,000	336		384	145,000
Trucking/Facility/Rig Mobilization	237	200,000	337	360	385	223,000
Welding Services	238	3,000	338	361	386	6,000
Water Disposal	239	0	339	362	387	195,000
Plug to Abandon	240	0	340			0
Seismic Analysis	241	0	341			0
Miscellaneous	242	0	342		389	0
Contingency	243	47,000	343	363	390	147,000
Closed Loop & Environmental	244	200,000	344	364	388	205,000
Dyed Diesel	245		345			350,000
Coi Tubing			346			48,000
Flowback Crews & Equip			347			0
Offset Directional/Frac	248		348		391	0
TOTAL INTANGIBLES		2,550,500	3,861,500	487,600	30,300	6,929,900
TANGIBLE COSTS						
Surface Casing	401	53,000				53,000
Intermediate Casing	402	324,000				324,000
Production Casing/Line	403	353,000				353,000
Tubing			504	52,030	530	57,030
Wellhead Equipment	405	75,000	505		531	100,000
Pumping Unit				0	506	96,000
Prime Mover				0	507	0
Rods				0	508	55,000
Pumps-Sub Surface (BH)			509		532	5,000
Tanks				175,000.00		175,000
Flowlines				50,000.00		50,000
Heater Treater/Separator				235,000.00		235,000
Electrical System				180,000.00	533	165,000
Packers/Anchors/Hangers	414		514	66,000	534	68,000
Couplings/Fittings/Valves	415			175,000		175,000
Dehydration					517	0
Injection Plant/CO2 Equipment					518	0
Pumps-Surface				10,000.00		10,000
Instrumentation/SCADA/POC				20,000.00	529	27,000
Miscellaneous	419		519	10,000.00	535	13,000
Contingency	420		520	0.00	536	0
Meters/LACT				40,000.00		40,000
Flares/Combustion/Emission				40,000.00		40,000
Gas Lift/Compression			527	15,000	516	90,000
TOTAL TANGIBLES		805,000	155,030	1,010,000	191,000	2,161,030
TOTAL WELL COSTS		3,355,500	4,017,000	1,497,600	221,300	9,090,930

COG Operating LLC % of Total Well Cost

37%

44%

16%

2%

Date Prepared: 9/5/18

COG Operating LLC

We approve:
% Working Interest

By: TS-KL-LH-RC

Company: Chevron U.S.A., Inc.
By:

Printed Name:
Title:
Date:

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

**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. 20122

**AFFIDAVIT OF CODY BACON
IN SUPPORT OF CASE NO. 20122**

Cody Bacon, of lawful age and being first duly sworn, declares as follows:

1. My name is Cody Bacon. 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 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 Bone Spring 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 **Prickly Pear Federal Com 1H Well** is depicted with a dashed line, and the surface hole location is depicted by a circle.
6. **COG Exhibit B-2** is a subsea structure map that I prepared off the top of the Wolfcamp. Even though COG is targeting the 3rd Bone Spring formation, I used the Wolfcamp structure because it is a reliable regional marker and the target interval lies just above this marker. As with the locator map, the proposed wellbore path for the proposed **Prickly Pear Federal Com 1H Well** is depicted by a dashed line. The structure map shows that the area is

gently sloping to the east-southeast. It also shows nearby 3rd Bone Spring producing wells. The structure appears consistent in this section. I do not observe any faulting, pinchouts, or other geologic hazards to developing a horizontal well.

7. The subsea structure map, marked as COG Exhibit No. B-2, shows two wells used to construct a cross-section from A to A'. I consider these wells to be representative of the geology of the area.

8. **COG Exhibit No. B-3** is a cross section prepared by me for the two representative wells from A to A'. For each well in the cross-section, the COG Exhibit shows the following logs: gamma ray, resistivity, and porosity. The proposed target interval is labeled and depicted in green. The logs in the cross-section demonstrate that the target interval within the 3rd Bone Spring 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 unit.

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 application in this case will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

13. **COG Exhibit B-1 through B-3** were either prepared by me or compiled under my direction and supervision.

M. Cody Bacon
CODY BACON

STATE OF TEXAS)
COUNTY OF Midland)

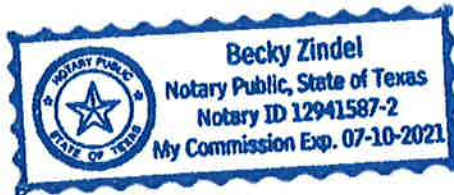
SUBSCRIBED and SWORN to before me this 9th day of January 2019 by
Cody Bacon.

Becky Zindel
NOTARY PUBLIC

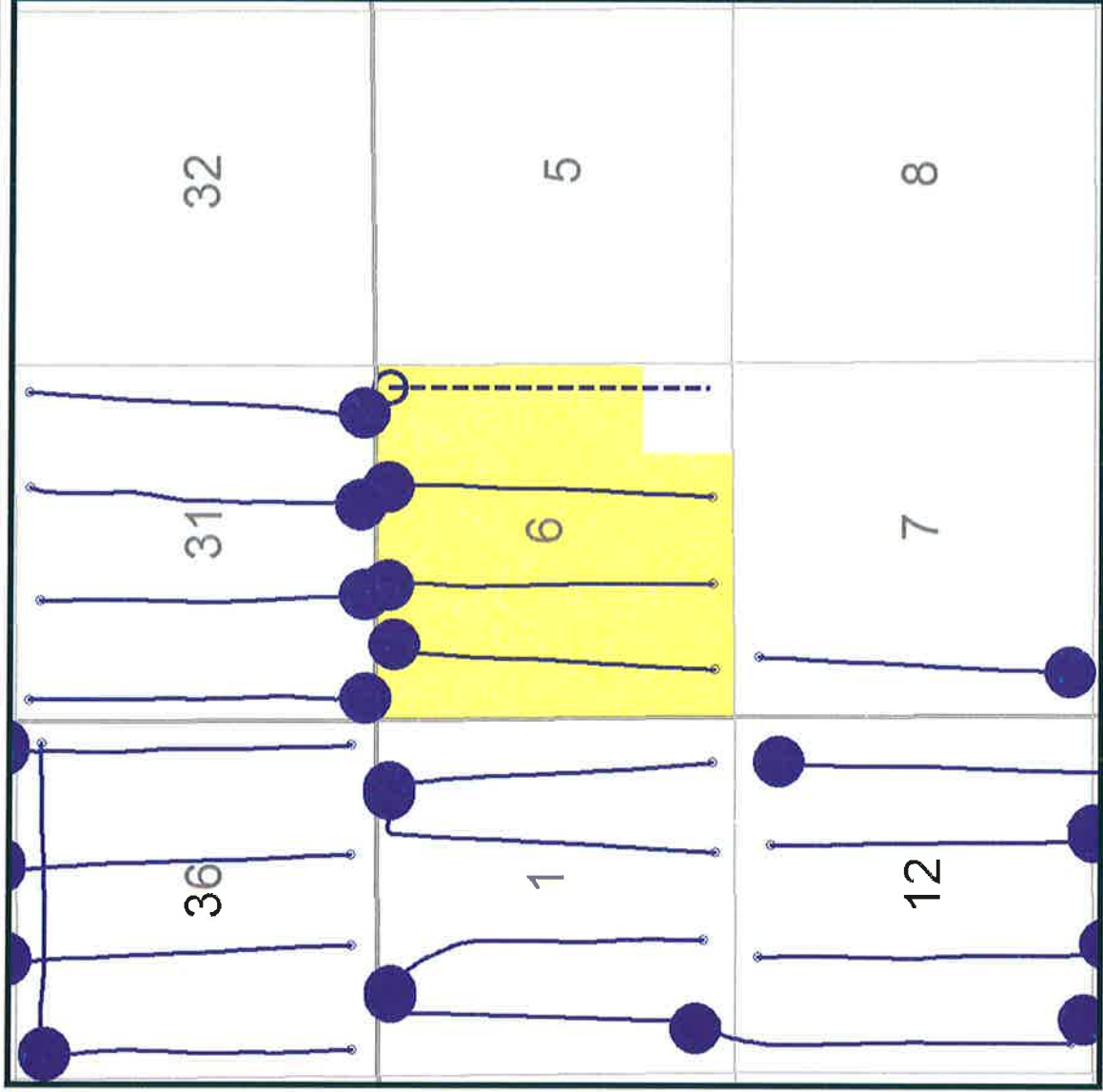
My Commission Expires:

7/10/21

11850775_1



Bone Spring Pool Prickly Pear Federal Com 1H Location



Map Legend

SHL

COG - Horizontal Location

BHL

COG Acreage



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. B-1

Submitted by: COG Operating LLC
Hearing Date: January 10, 2017

Case No. 20122

SHL — BHL

Wolfcamp Structure
Cl: 100'

COG Acreage

Submitted by: COG Operating LLC
Hearing Date: January 10, 2017
Case No. 20122

A

300254157200

8509 ft

300253901000

A'

COG OPERATING LLC LEGACY RESERVES OPERATING LP

PRICKLY PEAR 6 FED Pilot Hole 2H LEA FEDERAL UNIT 22

190 FNL 1790 FNL 980 FEL/1980 FNL

TWP: 20 S - Range: 35 E - Sec. 6 TWP: 20 S - Range: 34 E - Sec. 12

Datum=3714.00 Datum=3691.00

Reference=KB Reference=KB

3rd Bone Spring

TD=11415.00

Wolfcamp

TD=11495.00

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B- 3
Submitted by: COG Operating LLC
Hearing Date: January 10, 2014
Case No. 20122

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

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

CASE NO. 20122

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
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



Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
JLKessler@hollandhart.com

December 21, 2018

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of COG Operating LLC for compulsory pooling, Lea County,
New Mexico.**
Prickly Pear 6 Federal Com No. 1H Well

Ladies & Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed 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 Danny Kidwell at (432) 685-2535 or dkidwell@concho.com.

Sincerely,

Jordan L. Kessler
ATTORNEY FOR COG OPERATING LLC

	A	B	C	F	G	I	J	K
1	CustomField1	MailClass	TrackingNo	ToName	DeliveryAddress	City	St	Zip
2	65180 - Prickly Pear Fed Com 1H - 1	Certified with Return Receipt (Signature)	9414810898765023669811	Concho Oil & Gas LLC	600 W Illinois Avenue	Midland	TX	79701
3	65180 - Prickly Pear Fed Com 1H - 2	Certified with Return Receipt (Signature)	9414810898765023669828	Chevron USA Inc	6301 Deauville Blvd	Midland	TX	79706

	N	U
1	USPS_Status	
2	12/24/2018 Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.	
3	12/24/2018 Your item was delivered to an individual at the address at 3:02 pm on December 31, 2018 in MIDLAND, TX 79706.	