

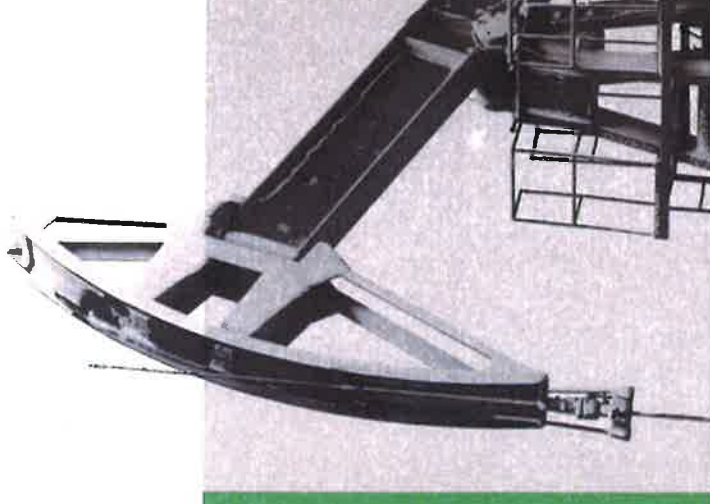


COG OPERATING LLC

Daisy 24 State Com 501H, 502H, 503H & 504H

Section 24 & 25 - T25S-27E

Eddy County, New Mexico



BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING APRIL 4, 2019

CASE NO. 20335



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

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

CASE NO. 20335

**AFFIDAVIT OF TRAVIS MACHA
IN SUPPORT OF CASE NO. 20335**

Travis Macha, of lawful age and being first duly sworn, declares as follows:

1. My name is Travis Macha. I work for COG Operating LLC ("COG") as a Landman.
2. I have not testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. I graduated from Texas Tech University with a B.A. in Energy Commerce in 2016. From January 2016 through January 2017, I worked as an independent landman for Peak Land Services. In January 2017, I started working for Concho Resources as a Lease Analyst. Since May 2018, I have been working as a Landman, including in the Permian Basin. I am a member of the following professional organizations: PBLA (Permian Basin Landman Association); AAPL (American Association of Professional Landmen); and NALTA (National Association of Lease and Title Analysts).
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 uncommitted parties has indicated opposition to this pooling application, and therefore I do not expect any opposition at the hearing.

5. COG is seeking an order pooling all uncommitted interests in the Bone Spring formation underlying a 640-acre standard horizontal spacing unit comprised of the W/2 of Sections 24 and 25, Township 25 South, Range 27 East, Eddy County, New Mexico.

6. COG seeks to dedicate this standard spacing unit to the following proposed wells:

- The **Daisy 24 State Com 501H** well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 24 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 25.
- The **Daisy 24 State Com 502H** well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 24 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 25.
- The **Daisy 24 State Com 503H** well to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 24 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 25.
- The **Daisy 24 State Com 504H** well to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 24 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 25.

7. COG has prepared draft Form C-102s to be filed with the Division for the proposed wells. Copies of the draft C-102s for these wells are attached hereto as **COG Exhibits A-1, A-2, A-3, and A-4**, respectively. The Pool Code assigned is 30216 (Hay Hollow; Bone Spring North Pool).

8. Incorporating the proximity tracts, the completed interval for all four wells will comply with the Division's setback requirements.

9. Because the proposed wells will be simultaneously drilled and completed, COG requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

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

11. **COG Exhibit A-5** is an exhibit I prepared identifying the tracts of land comprising the spacing unit. This spacing unit includes state and fee land. This exhibit shows the interest owners and the percentage of and type of ownership interests in the proposed spacing unit. A unit recapitulation, showing the percentage of ownership interests in the spacing unit, is also included on the exhibit.

12. COG is seeking to pool two working interest owners only: Devon Energy Production Company LP and Chevron USA, Inc.

13. There is one overriding royalty interest, but the underlying instrument grants COG the authority to pool.

14. A copy of a well proposal letter, along with the AFEs, is attached as **COG Exhibit A-6**. The costs reflected in the AFEs are consistent with what COG and other operators have incurred for drilling similar horizontal wells in the area.

15. COG has been able to locate contact information for all of the parties it seeks to pool and has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

16. COG seeks approval of overhead and administrative costs at \$8,000/month while drilling and \$800/month while producing. These costs are consistent with what COG and 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.

17. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners shown on Exhibit A-5. In compiling these addresses, 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.

18. **COG Exhibit A-1 through A-6** were either prepared by me or compiled under my direction and supervision.



TRAVIS MACHA

STATE OF TEXAS)
COUNTY OF Midland)

SUBSCRIBED and SWORN to before me this and day of April 2019 by Travis Macha.





NOTARY PUBLIC

My Commission Expires:

6.22.21

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-0161 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) 334-6176 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 DAISY 24 STATE COM	Well Number 501H
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3051.0'

Surface Location

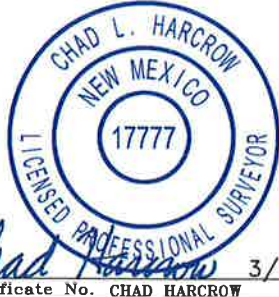
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	25-S	27-E		275	NORTH	385	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	25	25-S	27-E		50	SOUTH	330	WEST	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>Y=408345.4 N X=556167.1 E</p> <p>NAD 27 NME SURFACE LOCATION Y=408073.2 N X=556552.7 E LAT.=32.121778° N LONG.=104.150660° W</p>	<p>Y=408364.6 N X=558798.7 E</p> <p>FTP 100' FNL & 330' FWL Y=408247.8 N X=556497.3 E LAT.=32.122258° N LONG.=104.150838° W GRID AZ. TO FTP 342°23'42"</p> <p>SECTION 24 SECTION 25</p>	<p>Y=397744.5 N X=556293.1 E</p> <p>NAD 27 NME PROPOSED BOTTOM HOLE LOCATION Y=397795.9 N X=556622.0 E LAT.=32.0093525° N LONG.=104.150493° W</p> <p>GRID AZ. - 179°18'59" HORZ. DIST. - 10452.7'</p> <p>Y=397755.5 N X=558892.6 E</p> <p>LTP 100' FSL & 330' FWL Y=397845.9 N X=556621.4 E LAT.=32.093662° N LONG.=104.150494° W</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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</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>DECEMBER 4, 2018</p> <p>Date of Survey _____</p> <p>Signature & Seal of Professional Surveyor</p> <p></p> <p>3/6/19</p> <p>Certificate No. CHAD HARCROW 17777</p> <p>W.O. # 19-308 DRAWN BY: WN</p>
---	---	---	---

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-1

Case No. 20335

Submitted by: COG OPERATING, LLC

Hearing Date: April 4, 2019

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (505) 748-1283 Fax: (505) 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 DAISY 24 STATE COM	Well Number 502H
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3051.0'

Surface Location

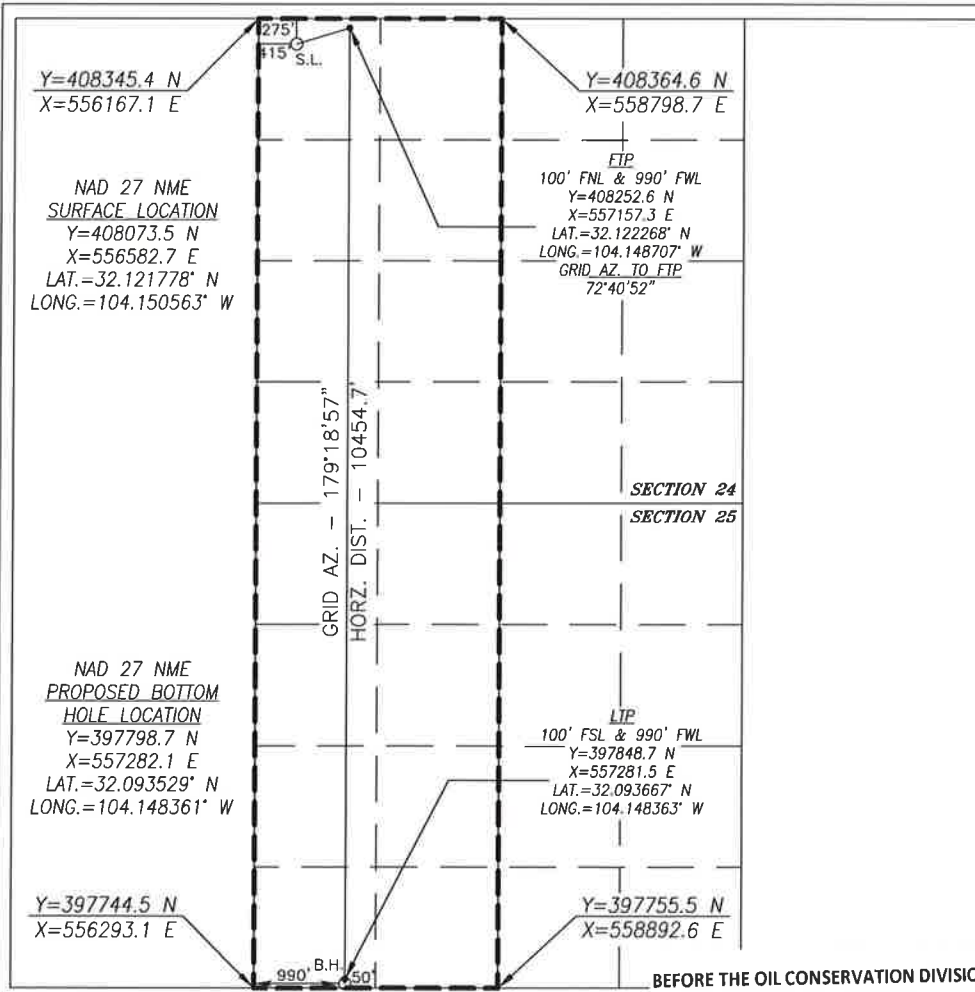
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	25-S	27-E		275	NORTH	415	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	25	25-S	27-E		50	SOUTH	990	WEST	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



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 _____ Date _____

Printed Name _____

E-mail Address _____

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.

DECEMBER 5, 2018

Date of Survey

Signature & Seal of Professional Surveyor

Chad L. Harcrow
3/6/19
Certificate No. CHAD HARCROW 17777
W.O. # 19-309 DRAWN BY: WN

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Case No. 20335

Submitted by: COG OPERATING, LLC

Hearing Date: April 4, 2019

DISTRICT I
1625 N. FRENCH DR., BOBBS, NM 86240
Phone: (505) 393-0161 Fax: (505) 393-0720

DISTRICT II
611 S. FIRST ST., ARTESIA, NM 86210
Phone: (505) 748-1285 Fax: (505) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-0178 Fax: (505) 334-0170

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 DAISY 24 STATE COM	Well Number 503H
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3057.0'

Surface Location

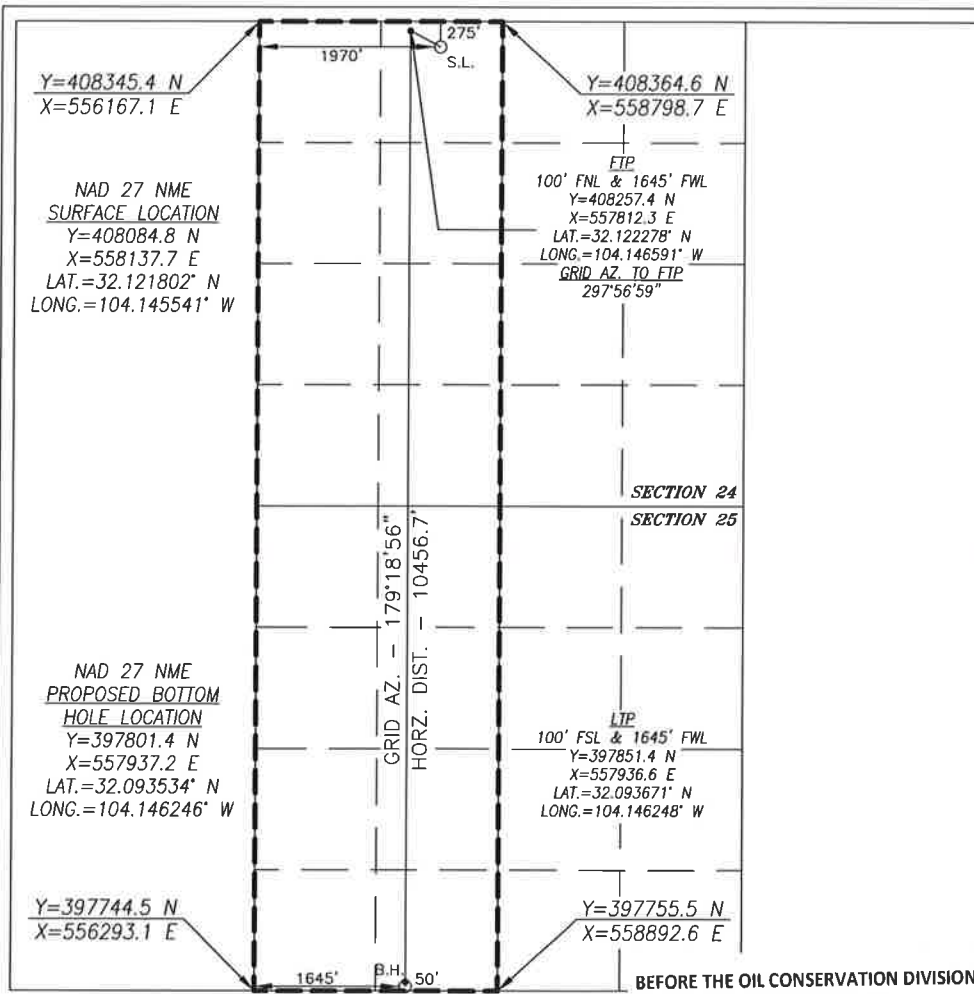
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	24	25-S	27-E		275	NORTH	1970	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	25-S	27-E		50	SOUTH	1645	WEST	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



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 _____ Date _____

Printed Name _____

E-mail Address _____

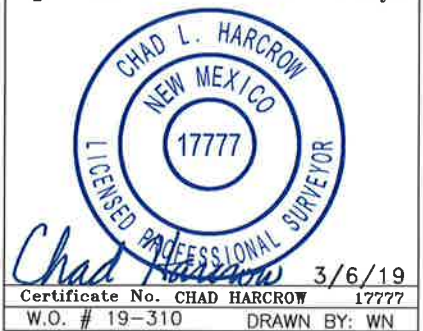
SURVEYOR CERTIFICATION

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.

DECEMBER 5, 2018

Date of Survey

Signature & Seal of Professional Surveyor



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-3

Case No. 20335

Submitted by: COG OPERATING, LLC

Hearing Date: April 4, 2019

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720

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 87506
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 DAISY 24 STATE COM	Well Number 504H
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3057.2'


Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	24	25-S	27-E		275	NORTH	2000	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	25-S	27-E		50	SOUTH	2310	WEST	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>Y=408345.4 N X=556167.1 E</p> <p>NAD 27 NME SURFACE LOCATION Y=408085.0 N X=558167.6 E LAT.=32.121803° N LONG.=104.145444° W</p>	<p>2000'</p> <p>275'</p> <p>S.L.</p> <p>Y=408364.6 N X=558798.7 E</p> <p>FTP</p> <p>100' FNL & 2310' FWL Y=408262.3 N X=558477.2 E LAT.=32.122288° N LONG.=104.144443° W GRID AZ. TO FTP 60°12'05"</p> <p>SECTION 24</p> <p>SECTION 25</p> <p>GRID AZ. - 179°18'54" HORZ. DIST. - 10458.7'</p> <p>NAD 27 NME PROPOSED BOTTOM HOLE LOCATION Y=397804.3 N X=558602.3 E LAT.=32.0935538° N LONG.=104.144098° W</p> <p>100' FSL & 2310' FWL Y=397854.3 N X=558601.7 E LAT.=32.093676° N LONG.=104.144100° W</p> <p>Y=397744.5 N X=556293.1 E</p> <p>Y=397755.5 N X=558892.6 E</p> <p>2310'</p> <p>B.H. 50'</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>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</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>DECEMBER 5, 2018</p> <p>Date of Survey _____</p> <p>Signature & Seal of Professional Surveyor</p> <p></p> <p>Chad L. Harcrow 3/6/19</p> <p>Certificate No. CHAD HARCROW 17777</p> <p>W.O. # 19-311 DRAWN BY: WN</p>
---	--	---

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-4

Case No. 20335

Submitted by: COG OPERATING, LLC

Hearing Date: April 4, 2019

Sec 24 Tract 1: State of New Mexico VB-1008-0001 160.00 Ac WI Ownership: COG, Concho, Devon	
Tract 2: Fee - Devon owned Minerals 160.00 Ac WI Ownership: COG, Concho, Devon	
Sec 25 Tract 3: State of New Mexico VB-1007-0001 160.00 Ac WI Ownership: COG, Concho, Devon	
Tract 4: State of New Mexico VB-1007-0001 160.00 Ac WI Ownership: Chevron U.S.A., Inc.	

Sec 24 Daisy Spacing	
Sec 25 Daisy Spacing	

Daisy 24 State Com 501H, 502H, 503H, 504H - Compulsory Pooling Info

Sec 24: W2, Sec 25: W2, T25S-R27E - Bone Spring

	Leasehold Ownership			
	COG WI	Concho WI	Devon WI	Chevron WI
Tract 1 - Sec 24: NW	63.51961%	1.73562%	34.74477%	0.0000%
Tract 2 - Sec 24: SW	63.51961%	1.73562%	34.74477%	0.0000%
Tract 3 - Sec 25: NW	63.51961%	1.73562%	34.74477%	0.0000%
Tract 4 - Sec 25: SW	0.0000%	0.0000%	0.0000%	100.0000%

Unit Recapitulation

Owner	Working Interest
COG Operating LLC	47.639705%
Concho Oil & Gas LLC	1.301718%
Devon Energy Prod Co LP	26.058577%
Chevron U.S.A., Inc.	25.000000%

Parties Being Pooled Are Highlighted in Yellow.



January 4, 2019

Via Certified Mail, Return Receipt Requested

WORKING INTEREST OWNERS ON ATTACHED EXHIBIT "A"

Re: **Daisy 24 State Com #501H & 502H** (Daisy Pad 1)
Daisy 24 State Com #503H & 504H (Daisy Pad 2)
W/2 of Sections 24, 25, T25S-R27E
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 W/2 of Sections 24 and 25, T25S-R27E, Eddy County, New Mexico. The surface pad locations will be located in Unit C and D of Section 24, T25S-R27E (subject to change).

- **Daisy 24 State Com 501H**, to be drilled to a depth sufficient to test the 2nd Bone Spring formation at a total measured depth of 17,500'. The surface location for this well is proposed at a legal location in Unit D of Section 24, and a bottom hole location at a legal location in Unit M of Section 25. The dedicated project area will be the W/2 of Sections 24 and 25, T25S-R27E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$10,672,200, as shown on the attached Authority for Expenditure ("AFE").
- **Daisy 24 State Com 502H**, to be drilled to a depth sufficient to test the 2nd Bone Spring formation at a total measured depth of 17,500'. The surface location for this well is proposed at a legal location in Unit D of Section 24, and a bottom hole location at a legal location in Unit M of Section 25. The dedicated project area will be the W/2 of Sections 24 and 25, T25S-R27E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$10,672,200, as shown on the attached Authority for Expenditure ("AFE").
- **Daisy 24 State Com 503H**, to be drilled to a depth sufficient to test the 2nd Bone Spring formation at a total measured depth of 17,500'. The surface location for this well is proposed at a legal location in Unit C of Section 24, and a bottom hole location at a legal location in Unit N of Section 25. The dedicated project area will be the W/2 of Sections 24 and 25, T25S-R27E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$10,672,200, as shown on the attached Authority for Expenditure ("AFE").
- **Daisy 24 State Com 504H**, to be drilled to a depth sufficient to test the 2nd Bone Spring formation at a total measured depth of 17,600'. The surface location for this well is proposed at a legal location in Unit C of Section 24, and a bottom hole location at a legal location in Unit N of Section 25. The dedicated project area will be the W/2 of Sections 24 and 25, T25S-R27E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$10,672,200, as shown on the attached Authority for Expenditure ("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 tmacha@concho.com. Should you have any questions, please do not hesitate to contact me at 432.221.0452.

Sincerely,

COG Operating LLC

Travis Macha
Landman

TM:bh
Enc

_____ I/We hereby elect to participate in the drilling and completion of the
Daisy 24 State Com 501H.

_____ I/We hereby elect **not** to participate in the drilling and completion of the
Daisy 24 State Com 501H.

_____ I/We hereby elect to participate in the drilling and completion of the
Daisy 24 State Com 502H.

_____ I/We hereby elect **not** to participate in the drilling and completion of the
Daisy 24 State Com 502H.

_____ I/We hereby elect to participate in the drilling and completion of the
Daisy 24 State Com 503H.

_____ I/We hereby elect **not** to participate in the drilling and completion of the
Daisy 24 State Com 503H.

_____ I/We hereby elect to participate in the drilling and completion of the
Daisy 24 State Com 504H.

_____ I/We hereby elect **not** to participate in the drilling and completion of the
Daisy 24 State Com 504H.

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

EXHIBIT "A"
WORKING INTEREST OWNERS

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7038 7465 6273

Chevron U.S.A. Inc.

6301 Deauville

Midland, TX 79706

Attn: Kristen Hunter

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7038 7465 6266

Devon Energy Production Company LP

333 W Sheridan Ave.

Oklahoma City, OK 73102

Attn: Land Department

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete

Well Name	DAISY 24 STATE COM #501H	Prospect	#717054 ATLAS 2527
SHL		State & County	NEW MEXICO, EDDY
BHL		Objective	Drill & Complete
Formation	2ND BONE SPRING	Depth	17,500
Legal	25S 27E 24	TVD	7,756
AFE Numbers	DRAFT-004452, DRAFT-004454, DRAFT-004455, DRAFT-004456, DRAFT-004458, DRAFT-004459		

Cost Description	Code	PreSpud (PS)	Pre-Set Casing(PC)	Drilling (DR)	Completions (C)	Tank Btty Constrctn(TB)	Pmpq Equip (PEQ)	Revision	Total
Tangible Costs									
D-Surface Casing	401			\$13,000.00				\$0.00	\$13,000.00
D-Intermed Csg	402			\$72,000.00				\$0.00	\$72,000.00
D-Production Casing/Liner	403			\$306,000.00				\$0.00	\$306,000.00
D-Wellhead Equip	405			\$28,000.00				\$0.00	\$28,000.00
C-Tubing	504				\$52,100.00			\$0.00	\$52,100.00
C-Wellhead Equip	505				\$13,200.00			\$0.00	\$13,200.00
PEQ-Pumping Unit	506						\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508						\$55,000.00	\$0.00	\$55,000.00
TB-Tanks	510					\$50,000.00		\$0.00	\$50,000.00
TB-Flowlines/Pipelines	511					\$50,000.00		\$0.00	\$50,000.00
TB-Hlr Trlr/Seprtr	512					\$200,000.00		\$0.00	\$200,000.00
TB-Electrical System/Equipment	513					\$100,000.00		\$0.00	\$100,000.00
C-Pckrs/Anchors/Hgrs	514				\$65,000.00			\$0.00	\$65,000.00
TB-Couplings/Fittings/Valves	515					\$100,000.00		\$0.00	\$100,000.00
TB-Gas Lift/Compression	516					\$30,000.00		\$0.00	\$30,000.00
TB-Pumps-Surface	521					\$10,000.00		\$0.00	\$10,000.00
TB-Instrumentation/SCADA/POC	522					\$10,000.00		\$0.00	\$10,000.00
TB-Meters/Lacis	525					\$35,000.00		\$0.00	\$35,000.00
TB-Flares/Combusters/Emission	526					\$35,000.00		\$0.00	\$35,000.00
C-Gas Lift/Compression	527				\$10,000.00			\$0.00	\$10,000.00
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		\$0.00	\$0.00	\$419,000.00	\$140,300.00	\$620,000.00	\$191,000.00	\$0.00	\$1,370,300.00

Intangible Costs									
PS-Title/Permits	201	\$20,000.00						\$0.00	\$20,000.00
D-Insurance	202	\$2,500.00						\$0.00	\$2,500.00
PS-Damages/ROW	203	\$20,000.00						\$0.00	\$20,000.00
PS-Survey/Stake Lctn	204	\$7,000.00						\$0.00	\$7,000.00
D-LcIn/Pits/Roads	205			\$135,000.00				\$0.00	\$135,000.00
D-Drilling Overhead	206			\$5,700.00				\$0.00	\$5,700.00
D-Daywork Contract	209			\$552,000.00				\$0.00	\$552,000.00
D-Directional Drig Services	210			\$187,000.00				\$0.00	\$187,000.00
D-Fuel & Power	211			\$103,000.00				\$0.00	\$103,000.00
D-Water	212			\$53,000.00				\$0.00	\$53,000.00
D-Bits	213			\$65,000.00				\$0.00	\$65,000.00
D-Mud & Chemicals	214			\$75,000.00				\$0.00	\$75,000.00
D-Cement Surface	217			\$16,000.00				\$0.00	\$16,000.00
D-Cement Intermed	218			\$23,000.00				\$0.00	\$23,000.00
D-Prod-2nd Int Cmt	219			\$110,000.00				\$0.00	\$110,000.00
D-Float Equipment & Centralizers	221			\$45,000.00				\$0.00	\$45,000.00
D-Csg Crews & Equip	222			\$35,000.00				\$0.00	\$35,000.00
D-Geologic/Engnrg	224			\$6,000.00				\$0.00	\$6,000.00
D-Contract Labor	225			\$6,500.00				\$0.00	\$6,500.00
D-Company Sprvsn	226			\$34,200.00				\$0.00	\$34,200.00
D-Contract Sprvsn	227			\$89,000.00				\$0.00	\$89,000.00
D-Tstg Csg/Tbg	228			\$30,000.00				\$0.00	\$30,000.00
D-Mud Logging Unit	229			\$18,000.00				\$0.00	\$18,000.00
D-Perf/Wireline Svc	231			\$4,000.00				\$0.00	\$4,000.00
D-Rentals-Surface	235			\$115,000.00				\$0.00	\$115,000.00
D-Rentals-Subsrfc	236			\$90,000.00				\$0.00	\$90,000.00
D-Trucking/Forklift/Rig Mob	237			\$200,000.00				\$0.00	\$200,000.00
D-Welding Services	238			\$3,000.00				\$0.00	\$3,000.00
D-Miscellaneous	242			\$5,000.00				\$0.00	\$5,000.00
D-Contingency	243			\$42,000.00				\$0.00	\$42,000.00
D-Envrnmntl/Clsd Loop	244			\$180,000.00				\$0.00	\$180,000.00
C-LcIn/Pits/Roads	305				\$12,200.00			\$0.00	\$12,200.00
C-Completion OH	306				\$15,000.00			\$0.00	\$15,000.00
C-Frac Equipment	307				\$1,454,000.00			\$0.00	\$1,454,000.00
C-Frac Chemicals	308				\$577,000.00			\$0.00	\$577,000.00
C-Frac Proppant	309				\$507,000.00			\$0.00	\$507,000.00
C-Frac Proppant Transportation	310				\$500,000.00			\$0.00	\$500,000.00
C-Fuel Delivery & Services	311				\$68,000.00			\$0.00	\$68,000.00
C-Water	312				\$1,205,000.00			\$0.00	\$1,205,000.00
C-Bits	313				\$4,500.00			\$0.00	\$4,500.00
C-Mud & Chemicals	314				\$25,000.00			\$0.00	\$25,000.00
C-Contract Labor	325				\$40,000.00			\$0.00	\$40,000.00
C-Company Sprvsn	326				\$15,000.00			\$0.00	\$15,000.00
C-Contract Sprvsn	327				\$169,000.00			\$0.00	\$169,000.00
C-Tstg Csg/Tbg	328				\$5,000.00			\$0.00	\$5,000.00
C-Perf/Wireline Svc	331				\$538,000.00			\$0.00	\$538,000.00
C-Stimulation/Treating	332				\$12,000.00			\$0.00	\$12,000.00
C-Completion Unit	333				\$43,000.00			\$0.00	\$43,000.00
C-Rentals-Surface	335				\$393,000.00			\$0.00	\$393,000.00
C-Rentals-Subsrfc	336				\$55,000.00			\$0.00	\$55,000.00
C-Trucking/Forklift/Rig Mob	337				\$40,000.00			\$0.00	\$40,000.00
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				\$484,000.00			\$0.00	\$484,000.00
C-Flowback Crews & Equip	347				\$77,000.00			\$0.00	\$77,000.00
TB-Location/Pits/Roads	353					\$35,000.00		\$0.00	\$35,000.00
TB-Contract Labor	356					\$150,000.00		\$0.00	\$150,000.00
TB-Rentals-Surface	359					\$1,000.00		\$0.00	\$1,000.00
TB-Welding Services	361					\$50,000.00		\$0.00	\$50,000.00
TB-Water Disposal	362					\$200,000.00		\$0.00	\$200,000.00
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						\$8,800.00	\$0.00	\$8,800.00
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		\$49,500.00	\$0.00	\$2,227,400.00	\$6,558,700.00	\$436,000.00	\$30,300.00	\$0.00	\$9,301,900.00
Total Gross Cost		\$49,500.00	\$0.00	\$2,646,400.00	\$6,699,000.00	\$1,056,000.00	\$221,300.00	\$0.00	\$10,672,200.00

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

COG Operating LLC

By: _____

Date Prepared: _____

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 DAISY 24 STATE COM #502H
SHL
BHL
Formation 2ND BONE SPRING
Legal 25S 27E 24D
AFE Numbers DRAFT-004460, DRAFT-004461, DRAFT-004462, DRAFT-004463, DRAFT-004464, DRAFT-004465

Prospect
State & County NEW MEXICO, EDDY
Objective Drill & Complete
Depth 17,500
TVD 7,776

Cost Description	Code	PreSpud (PS)	Pre-Set Casing(PC)	Drilling (DR)	Completions (C)	Tank Btty Constrctn(TB)	Pmpq Equip (PEQ)	Revision	Total
Tangible Costs									
D-Surface Casing	401			\$13,000.00				\$0.00	\$13,000.00
D-Intermed Csg	402			\$72,000.00				\$0.00	\$72,000.00
D-Production Casing/Liner	403			\$306,000.00				\$0.00	\$306,000.00
D-Wellhead Equip	405			\$28,000.00				\$0.00	\$28,000.00
C-Tubing	504				\$52,100.00			\$0.00	\$52,100.00
C-Wellhead Equip	505				\$13,200.00			\$0.00	\$13,200.00
PEQ-Pumping Unit	506						\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508						\$55,000.00	\$0.00	\$55,000.00
TB-Tanks	510					\$50,000.00		\$0.00	\$50,000.00
TB-Flowlines/Pipelines	511					\$50,000.00		\$0.00	\$50,000.00
TB-Htr Trlr/Seprtr	512					\$200,000.00		\$0.00	\$200,000.00
TB-Electrical System/Equipment	513					\$100,000.00		\$0.00	\$100,000.00
C-Pckrs/Anchors/Hqrs	514				\$65,000.00			\$0.00	\$65,000.00
TB-Couplings/Fittings/Valves	515					\$100,000.00		\$0.00	\$100,000.00
TB-Gas Lift/Compression	516					\$30,000.00		\$0.00	\$30,000.00
TB-Pumps-Surface	521					\$10,000.00		\$0.00	\$10,000.00
TB-Instrumentation/SCADA/POC	522					\$10,000.00		\$0.00	\$10,000.00
TB-Meters/Lacts	525					\$35,000.00		\$0.00	\$35,000.00
TB-Flares/Combusters/Emission	526					\$35,000.00		\$0.00	\$35,000.00
C-Gas Lift/Compression	527				\$10,000.00			\$0.00	\$10,000.00
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		\$0.00	\$0.00	\$419,000.00	\$140,300.00	\$620,000.00	\$191,000.00	\$0.00	\$1,370,300.00
Intangible Costs									
PS-Title/Permits	201	\$20,000.00						\$0.00	\$20,000.00
D-Insurance	202	\$2,500.00						\$0.00	\$2,500.00
PS-Damages/ROW	203	\$20,000.00						\$0.00	\$20,000.00
PS-Survey/Stake Lctn	204	\$7,000.00						\$0.00	\$7,000.00
D-Lctn/Pits/Roads	205			\$135,000.00				\$0.00	\$135,000.00
D-Drilling Overhead	206			\$5,700.00				\$0.00	\$5,700.00
D-Daywork Contract	209			\$552,000.00				\$0.00	\$552,000.00
D-Directional Drlg Services	210			\$187,000.00				\$0.00	\$187,000.00
D-Fuel & Power	211			\$103,000.00				\$0.00	\$103,000.00
D-Water	212			\$53,000.00				\$0.00	\$53,000.00
D-Bits	213			\$65,000.00				\$0.00	\$65,000.00
D-Mud & Chemicals	214			\$75,000.00				\$0.00	\$75,000.00
D-Cement Surface	217			\$16,000.00				\$0.00	\$16,000.00
D-Cement Intermed	218			\$23,000.00				\$0.00	\$23,000.00
D-Prod-2nd Int Cmt	219			\$110,000.00				\$0.00	\$110,000.00
D-Float Equipment & Centralizers	221			\$45,000.00				\$0.00	\$45,000.00
D-Csg Crews & Equip	222			\$35,000.00				\$0.00	\$35,000.00
D-Geologic/Engnrng	224			\$6,000.00				\$0.00	\$6,000.00
D-Contract Labor	225			\$6,500.00				\$0.00	\$6,500.00
D-Company Sprvsn	226			\$34,200.00				\$0.00	\$34,200.00
D-Contract Sprvsn	227			\$89,000.00				\$0.00	\$89,000.00
D-Tstg Csg/Tbg	228			\$30,000.00				\$0.00	\$30,000.00
D-Mud Logging Unit	229			\$18,000.00				\$0.00	\$18,000.00
D-Perf/Wireline Svc	231			\$4,000.00				\$0.00	\$4,000.00
D-Rentals-Surface	235			\$115,000.00				\$0.00	\$115,000.00
D-Rentals-Subsrfc	236			\$90,000.00				\$0.00	\$90,000.00
D-Trucking/Forklift/Rig Mob	237			\$200,000.00				\$0.00	\$200,000.00
D-Welding Services	238			\$3,000.00				\$0.00	\$3,000.00
D-Miscellaneous	242			\$5,000.00				\$0.00	\$5,000.00
D-Contingency	243			\$42,000.00				\$0.00	\$42,000.00
D-Envrnmntl/Clsd Loop	244			\$180,000.00				\$0.00	\$180,000.00
C-Lctn/Pits/Roads	305				\$12,200.00			\$0.00	\$12,200.00
C-Completion OH	306				\$15,000.00			\$0.00	\$15,000.00
C-Frac Equipment	307				\$1,454,000.00			\$0.00	\$1,454,000.00
C-Frac Chemicals	308				\$577,000.00			\$0.00	\$577,000.00
C-Frac Proppant	309				\$507,000.00			\$0.00	\$507,000.00
C-Frac Proppant Transportation	310				\$500,000.00			\$0.00	\$500,000.00
C-Fuel Delivery & Services	311				\$68,000.00			\$0.00	\$68,000.00
C-Water	312				\$1,205,000.00			\$0.00	\$1,205,000.00
C-Bits	313				\$4,500.00			\$0.00	\$4,500.00
C-Mud & Chemicals	314				\$25,000.00			\$0.00	\$25,000.00
C-Contract Labor	325				\$40,000.00			\$0.00	\$40,000.00
C-Company Sprvsn	326				\$15,000.00			\$0.00	\$15,000.00
C-Contract Sprvsn	327				\$169,000.00			\$0.00	\$169,000.00
C-Tstg Csg/Tbg	328				\$5,000.00			\$0.00	\$5,000.00
C-Perf/Wireline Svc	331				\$538,000.00			\$0.00	\$538,000.00
C-Stimulation/Treating	332				\$12,000.00			\$0.00	\$12,000.00
C-Completion Unit	333				\$43,000.00			\$0.00	\$43,000.00
C-Rentals-Surface	335				\$393,000.00			\$0.00	\$393,000.00
C-Rentals-Subsrfc	336				\$55,000.00			\$0.00	\$55,000.00
C-Trucking/Forklift/Rig Mob	337				\$40,000.00			\$0.00	\$40,000.00
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				\$484,000.00			\$0.00	\$484,000.00
C-Flowback Crews & Equip	347				\$77,000.00			\$0.00	\$77,000.00
TB-Location/Pits/Roads	353					\$35,000.00		\$0.00	\$35,000.00
TB-Contract Labor	356					\$150,000.00		\$0.00	\$150,000.00
TB-Rentals-Surface	359					\$1,000.00		\$0.00	\$1,000.00
TB-Welding Services	361					\$50,000.00		\$0.00	\$50,000.00
TB-Water Disposal	362					\$200,000.00		\$0.00	\$200,000.00
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						\$8,800.00	\$0.00	\$8,800.00
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		\$49,500.00	\$0.00	\$2,227,400.00	\$6,558,700.00	\$436,000.00	\$30,300.00	\$0.00	\$9,301,900.00
Total Gross Cost		\$49,500.00	\$0.00	\$2,646,400.00	\$6,699,000.00	\$1,056,000.00	\$221,300.00	\$0.00	\$10,672,200.00
Note: The above costs are estimates only. Actual costs will be billed as incurred.									

COG Operating LLC

By: _____

Date Prepared: _____

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	DAISY 24 STATE COM #503H	Prospect	#717054 ATLAS 2527
SHL		State & County	NEW MEXICO, EDDY
BHL		Objective	Drill & Complete
Formation	2ND BONE SPRING	Depth	17,500
Legal	26S 27E 24	TVD	7,785
AFE Numbers	DRAFT-004466, DRAFT-004467, DRAFT-004468, DRAFT-004469, DRAFT-004470, DRAFT-004471		

Cost Description	Code	PreSpud (PS)	Pre-Set Casing(PC)	Drilling (DR)	Completions (C)	Tank Btty Constrctn(TB)	Pmpq Equip (PEQ)	Revision	Total
Tangible Costs									
D-Surface Casing	401			\$13,000.00				\$0.00	\$13,000.00
D-Intermed Csg	402			\$72,000.00				\$0.00	\$72,000.00
D-Production Casing/Liner	403			\$306,000.00				\$0.00	\$306,000.00
D-Wellhead Equip	405			\$28,000.00				\$0.00	\$28,000.00
C-Tubing	504				\$52,100.00			\$0.00	\$52,100.00
C-Wellhead Equip	505				\$13,200.00			\$0.00	\$13,200.00
PEQ-Pumping Unit	506						\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508						\$55,000.00	\$0.00	\$55,000.00
TB-Tanks	510					\$50,000.00		\$0.00	\$50,000.00
TB-Flowlines/Pipelines	511					\$50,000.00		\$0.00	\$50,000.00
TB-Htr Trlr/Seprtr	512					\$200,000.00		\$0.00	\$200,000.00
TB-Electrical System/Equipment	513					\$100,000.00		\$0.00	\$100,000.00
C-Pckrs/Anchors/Hgrs	514				\$65,000.00			\$0.00	\$65,000.00
TB-Couplings/Fillings/Valves	515					\$100,000.00		\$0.00	\$100,000.00
TB-Gas Lift/Compression	516					\$30,000.00		\$0.00	\$30,000.00
TB-Pumps-Surface	521					\$10,000.00		\$0.00	\$10,000.00
TB-Instrumentation/SCADA/POC	522					\$10,000.00		\$0.00	\$10,000.00
TB-Meters/Lacs	525					\$35,000.00		\$0.00	\$35,000.00
TB-Flares/Combusters/Emission	526					\$35,000.00		\$0.00	\$35,000.00
C-Gas Lift/Compression	527				\$10,000.00			\$0.00	\$10,000.00
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		\$0.00	\$0.00	\$419,000.00	\$140,300.00	\$620,000.00	\$191,000.00	\$0.00	\$1,370,300.00

Intangible Costs									
PS-Title/Permits	201	\$20,000.00						\$0.00	\$20,000.00
D-Insurance	202	\$2,500.00						\$0.00	\$2,500.00
PS-Damages/ROW	203	\$20,000.00						\$0.00	\$20,000.00
PS-Survey/Stake Lctn	204	\$7,000.00						\$0.00	\$7,000.00
D-Lctn/Pits/Roads	205			\$135,000.00				\$0.00	\$135,000.00
D-Drilling Overhead	206			\$5,700.00				\$0.00	\$5,700.00
D-Daywork Contract	209			\$552,000.00				\$0.00	\$552,000.00
D-Directional Drig Services	210			\$187,000.00				\$0.00	\$187,000.00
D-Fuel & Power	211			\$103,000.00				\$0.00	\$103,000.00
D-Water	212			\$53,000.00				\$0.00	\$53,000.00
D-Bils	213			\$65,000.00				\$0.00	\$65,000.00
D-Mud & Chemicals	214			\$75,000.00				\$0.00	\$75,000.00
D-Cement Surface	217			\$16,000.00				\$0.00	\$16,000.00
D-Cement Intermed	218			\$23,000.00				\$0.00	\$23,000.00
D-Prod-2nd Int Cmt	219			\$110,000.00				\$0.00	\$110,000.00
D-Float Equipment & Centralizers	221			\$45,000.00				\$0.00	\$45,000.00
D-Csg Crews & Equip	222			\$35,000.00				\$0.00	\$35,000.00
D-Geologic/Engnrg	224			\$6,000.00				\$0.00	\$6,000.00
D-Contract Labor	225			\$6,500.00				\$0.00	\$6,500.00
D-Company Sprvsn	226			\$34,200.00				\$0.00	\$34,200.00
D-Contract Sprvsn	227			\$89,000.00				\$0.00	\$89,000.00
D-Tstg Csg/Tbg	228			\$30,000.00				\$0.00	\$30,000.00
D-Mud Logging Unit	229			\$18,000.00				\$0.00	\$18,000.00
D-Perf/Wireline Svc	231			\$4,000.00				\$0.00	\$4,000.00
D-Rentals-Surface	235			\$115,000.00				\$0.00	\$115,000.00
D-Rentals-Subsrfc	236			\$90,000.00				\$0.00	\$90,000.00
D-Trucking/Forklift/Rig Mob	237			\$200,000.00				\$0.00	\$200,000.00
D-Welding Services	238			\$3,000.00				\$0.00	\$3,000.00
D-Miscellaneous	242			\$5,000.00				\$0.00	\$5,000.00
D-Contingency	243			\$42,000.00				\$0.00	\$42,000.00
D-Envrmntl/Clsd Loop	244			\$180,000.00				\$0.00	\$180,000.00
C-Lctn/Pits/Roads	305				\$12,200.00			\$0.00	\$12,200.00
C-Completion OH	306				\$15,000.00			\$0.00	\$15,000.00
C-Frac Equipment	307				\$1,454,000.00			\$0.00	\$1,454,000.00
C-Frac Chemicals	308				\$577,000.00			\$0.00	\$577,000.00
C-Frac Proppant	309				\$507,000.00			\$0.00	\$507,000.00
C-Frac Proppant Transportation	310				\$500,000.00			\$0.00	\$500,000.00
C-Fuel Delivery & Services	311				\$68,000.00			\$0.00	\$68,000.00
C-Water	312				\$1,205,000.00			\$0.00	\$1,205,000.00
C-Bils	313				\$4,500.00			\$0.00	\$4,500.00
C-Mud & Chemicals	314				\$25,000.00			\$0.00	\$25,000.00
C-Contract Labor	325				\$40,000.00			\$0.00	\$40,000.00
C-Company Sprvsn	326				\$15,000.00			\$0.00	\$15,000.00
C-Contract Sprvsn	327				\$169,000.00			\$0.00	\$169,000.00
C-Tstg Csg/Tbg	328				\$5,000.00			\$0.00	\$5,000.00
C-Perf/Wireline Svc	331				\$538,000.00			\$0.00	\$538,000.00
C-Stimulation/Treating	332				\$12,000.00			\$0.00	\$12,000.00
C-Completion Unit	333				\$43,000.00			\$0.00	\$43,000.00
C-Rentals-Surface	335				\$393,000.00			\$0.00	\$393,000.00
C-Rentals-Subsrfc	336				\$55,000.00			\$0.00	\$55,000.00
C-Trucking/Forklift/Rig Mob	337				\$40,000.00			\$0.00	\$40,000.00
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-Envrmntl/Clsd Loop	344				\$5,000.00			\$0.00	\$5,000.00
C-Dyed Diesel	345				\$484,000.00			\$0.00	\$484,000.00
C-Flowback Crews & Equip	347				\$77,000.00			\$0.00	\$77,000.00
TB-Location/Pits/Roads	353					\$35,000.00		\$0.00	\$35,000.00
TB-Contract Labor	356					\$150,000.00		\$0.00	\$150,000.00
TB-Rentals-Surface	359					\$1,000.00		\$0.00	\$1,000.00
TB-Welding Services	361					\$50,000.00		\$0.00	\$50,000.00
TB-Water Disposal	362					\$200,000.00		\$0.00	\$200,000.00
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						\$8,800.00	\$0.00	\$8,800.00
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		\$49,500.00	\$0.00	\$2,227,400.00	\$6,558,700.00	\$436,000.00	\$30,300.00	\$0.00	\$9,301,900.00
Total Gross Cost		\$49,500.00	\$0.00	\$2,646,400.00	\$6,699,000.00	\$1,056,000.00	\$221,300.00	\$0.00	\$10,672,200.00

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

COG Operating LLC

By: _____

Date Prepared: _____

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	DAISY 24 STATE COM #504H	Prospect	#717054 ATLAS 2527
SHL		State & County	NEW MEXICO, EDDY
BHL		Objective	Drill & Complete
Formation	2ND BONE SPRING	Depth	17,600
Legal	25S 27E 25N	TVD	7,800
AFE Numbers	DRAFT-004472, DRAFT-004473, DRAFT-004474, DRAFT-004475, DRAFT-004476, DRAFT-004477		

Cost Description	Code	PreSpud (PS)	Pre-Set Casing(PC)	Drilling (DR)	Completions (C)	Tank Btty Constrctn(TB)	Pmpq Equip (PEQ)	Revision	Total
Tangible Costs									
D-Surface Casing	401			\$13,000.00				\$0.00	\$13,000.00
D-Intermed Csg	402			\$72,000.00				\$0.00	\$72,000.00
D-Production Casing/Liner	403			\$306,000.00				\$0.00	\$306,000.00
D-Wellhead Equip	405			\$28,000.00				\$0.00	\$28,000.00
C-Tubing	504				\$52,100.00			\$0.00	\$52,100.00
C-Wellhead Equip	505				\$13,200.00			\$0.00	\$13,200.00
PEQ-Pumping Unit	506						\$96,000.00	\$0.00	\$96,000.00
PEQ-Rods	508						\$55,000.00	\$0.00	\$55,000.00
TB-Tanks	510					\$50,000.00		\$0.00	\$50,000.00
TB-Flowlines/Pipelines	511					\$50,000.00		\$0.00	\$50,000.00
TB-Htr Trlr/Seprlr	512					\$200,000.00		\$0.00	\$200,000.00
TB-Electrical System/Equipment	513					\$100,000.00		\$0.00	\$100,000.00
C-Pckrs/Anchors/Hgrs	514				\$65,000.00			\$0.00	\$65,000.00
TB-Couplings/Fittings/Valves	515					\$100,000.00		\$0.00	\$100,000.00
TB-Gas Lift/Compression	516					\$30,000.00		\$0.00	\$30,000.00
TB-Pumps-Surface	521					\$10,000.00		\$0.00	\$10,000.00
TB-Instrumentation/SCADA/POC	522					\$10,000.00		\$0.00	\$10,000.00
TB-Meters/Lacts	525					\$35,000.00		\$0.00	\$35,000.00
TB-Flares/Combusters/Emission	526					\$35,000.00		\$0.00	\$35,000.00
C-Gas Lift/Compression	527				\$10,000.00			\$0.00	\$10,000.00
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		\$0.00	\$0.00	\$419,000.00	\$140,300.00	\$620,000.00	\$191,000.00	\$0.00	\$1,370,300.00

Intangible Costs									
PS-Title/Permits	201	\$20,000.00						\$0.00	\$20,000.00
D-Insurance	202	\$2,500.00						\$0.00	\$2,500.00
PS-Damages/ROW	203	\$20,000.00						\$0.00	\$20,000.00
PS-Survey/Stake LcIn	204	\$7,000.00						\$0.00	\$7,000.00
D-LcIn/Pits/Roads	205			\$135,000.00				\$0.00	\$135,000.00
D-Drilling Overhead	206			\$5,700.00				\$0.00	\$5,700.00
D-Daywork Contract	209			\$552,000.00				\$0.00	\$552,000.00
D-Directional Drig Services	210			\$187,000.00				\$0.00	\$187,000.00
D-Fuel & Power	211			\$103,000.00				\$0.00	\$103,000.00
D-Water	212			\$53,000.00				\$0.00	\$53,000.00
D-Bits	213			\$65,000.00				\$0.00	\$65,000.00
D-Mud & Chemicals	214			\$75,000.00				\$0.00	\$75,000.00
D-Cement Surface	217			\$16,000.00				\$0.00	\$16,000.00
D-Cement Intermed	218			\$23,000.00				\$0.00	\$23,000.00
D-Prod-2nd Int Crnt	219			\$110,000.00				\$0.00	\$110,000.00
D-Float Equipment & Centralizers	221			\$45,000.00				\$0.00	\$45,000.00
D-Csg Crews & Equip	222			\$35,000.00				\$0.00	\$35,000.00
D-Geologic/Engnrg	224			\$6,000.00				\$0.00	\$6,000.00
D-Contract Labor	225			\$8,500.00				\$0.00	\$8,500.00
D-Company Sprvsn	226			\$34,200.00				\$0.00	\$34,200.00
D-Contract Sprvsn	227			\$89,000.00				\$0.00	\$89,000.00
D-Tstg Csg/Tbg	228			\$30,000.00				\$0.00	\$30,000.00
D-Mud Logging Unit	229			\$18,000.00				\$0.00	\$18,000.00
D-Perf/Wireline Svc	231			\$4,000.00				\$0.00	\$4,000.00
D-Rentals-Surface	235			\$115,000.00				\$0.00	\$115,000.00
D-Rentals-Subsrfc	236			\$90,000.00				\$0.00	\$90,000.00
D-Trucking/Forklift/Rig Mob	237			\$200,000.00				\$0.00	\$200,000.00
D-Welding Services	238			\$3,000.00				\$0.00	\$3,000.00
D-Miscellaneous	242			\$5,000.00				\$0.00	\$5,000.00
D-Contingency	243			\$42,000.00				\$0.00	\$42,000.00
D-Envrnmntl/Clsd Loop	244			\$180,000.00				\$0.00	\$180,000.00
C-LcIn/Pits/Roads	305				\$12,200.00			\$0.00	\$12,200.00
C-Completion OH	306				\$15,000.00			\$0.00	\$15,000.00
C-Frac Equipment	307				\$1,454,000.00			\$0.00	\$1,454,000.00
C-Frac Chemicals	308				\$577,000.00			\$0.00	\$577,000.00
C-Frac Proppant	309				\$507,000.00			\$0.00	\$507,000.00
C-Frac Proppant Transportation	310				\$500,000.00			\$0.00	\$500,000.00
C-Fuel Delivery & Services	311				\$68,000.00			\$0.00	\$68,000.00
C-Water	312				\$1,205,000.00			\$0.00	\$1,205,000.00
C-Bits	313				\$4,500.00			\$0.00	\$4,500.00
C-Mud & Chemicals	314				\$25,000.00			\$0.00	\$25,000.00
C-Contract Labor	325				\$40,000.00			\$0.00	\$40,000.00
C-Company Sprvsn	326				\$15,000.00			\$0.00	\$15,000.00
C-Contract Sprvsn	327				\$169,000.00			\$0.00	\$169,000.00
C-Tstg Csg/Tbg	328				\$5,000.00			\$0.00	\$5,000.00
C-Perf/Wireline Svc	331				\$538,000.00			\$0.00	\$538,000.00
C-Stimulation/Treating	332				\$12,000.00			\$0.00	\$12,000.00
C-Completion Unit	333				\$43,000.00			\$0.00	\$43,000.00
C-Rentals-Surface	335				\$393,000.00			\$0.00	\$393,000.00
C-Rentals-Subsrfc	336				\$55,000.00			\$0.00	\$55,000.00
C-Trucking/Forklift/Rig Mob	337				\$40,000.00			\$0.00	\$40,000.00
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				\$484,000.00			\$0.00	\$484,000.00
C-Flowback Crews & Equip	347				\$77,000.00			\$0.00	\$77,000.00
TB-Location/Pits/Roads	353					\$35,000.00		\$0.00	\$35,000.00
TB-Contract Labor	356					\$150,000.00		\$0.00	\$150,000.00
TB-Rentals-Surface	359					\$1,000.00		\$0.00	\$1,000.00
TB-Welding Services	361					\$50,000.00		\$0.00	\$50,000.00
TB-Water Disposal	362					\$200,000.00		\$0.00	\$200,000.00
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						\$6,800.00	\$0.00	\$8,800.00
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		\$49,500.00	\$0.00	\$2,227,400.00	\$6,558,700.00	\$436,000.00	\$30,300.00	\$0.00	\$9,301,900.00
Total Gross Cost		\$49,500.00	\$0.00	\$2,846,400.00	\$6,699,000.00	\$1,056,000.00	\$221,300.00	\$0.00	\$10,672,200.00

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

COG Operating LLC

By: _____

Date Prepared: _____

COG Operating LLC

We approve:

 % 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.

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

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

CASE NOS. 20335

**AFFIDAVIT OF CHESNEY GILLELAND
IN SUPPORT OF CASE NO. 20335**

CHESNEY GILLELAND, of lawful age and being first duly sworn, declares as follows:

1. My name is Chesney Gilleland. I work for COG Operating LLC ("COG") as a Geologist.
2. I have not previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. I graduated from Appalachian State University with a B.S. in Geology in 2009. I hold a Masters in Geology from the University of Nebraska since 2011. Between 2011 and 2012, I worked as an Associate Geologist at Chesapeake Energy. Between 2012 and 2014, I worked as a Geologist III for Weatherford Labs. Since 2014, I have worked for COG as a Geologist, where I have been working in the Permian.
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. In this case, 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 Daisy 24 State Com Nos. 501H, 502H, 503H, and 504H wells are marked and depicted with dashed lines. Existing Bone Spring producers are marked and depicted with solid lines.

6. COG Exhibit B-2 is a subsea structure map that I prepared off the top of the Bone Spring formation. As with the locator map, the wellbore paths for the proposed wells are marked with dashed lines. The contour interval is 25 feet. The structure map shows that the Bone Spring 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.

7. COG Exhibit No. B-3 shows three producing wells, depicted by red circles, that were 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-4 is a stratigraphic cross section prepared by me for the three representative wells from A to A'. The exhibit shows logs for gamma ray, resistivity, and porosity for all three wells. The proposed target interval for the proposed Daisy 24 State Com Nos. 501H, 502H, 503H, and 504H wells is labeled and depicted in green. The logs in the cross-section demonstrate that the target intervals within the Bone Spring are consistent in thickness, across the entire 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 tract comprising the proposed spacing unit will be productive and contribute more-or-less equally to production from the wellbore.

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

12. COG Exhibit B-1 through B-4 were either prepared by me or compiled under my direction and supervision.

Chesney Gilleland
CHESNEY GILLELAND

STATE OF TEXAS)

COUNTY OF Midland)

SUBSCRIBED and SWORN to before me this 2nd day of April 2019 by
Chesney Gilleland.



Kathryn McMinn
NOTARY PUBLIC

My Commission Expires:

6/22/21

Bone Spring Pool

Daisy 24 State Com Location Map



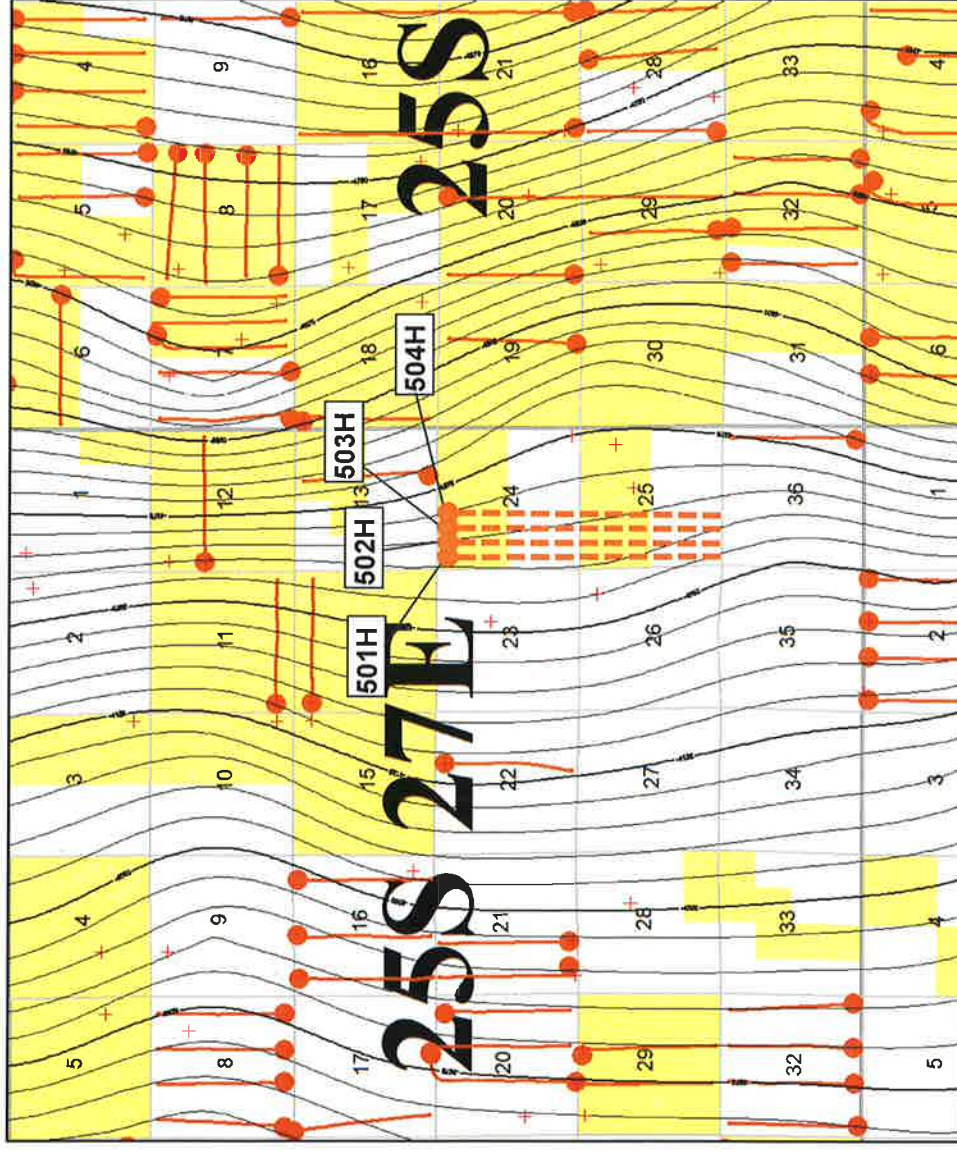
Map Legend

- SHL
- BHL
- COG - Proposed Daisy Horizontal Location
- Producing Wolfcamp A Sand Horizontals
- COG Acreage



Bone Spring Pool

Second Bone Spring Subsea Structure Map



Map Legend

THIS

**COG – Proposed Daisy
Horizontal Location**

BHL

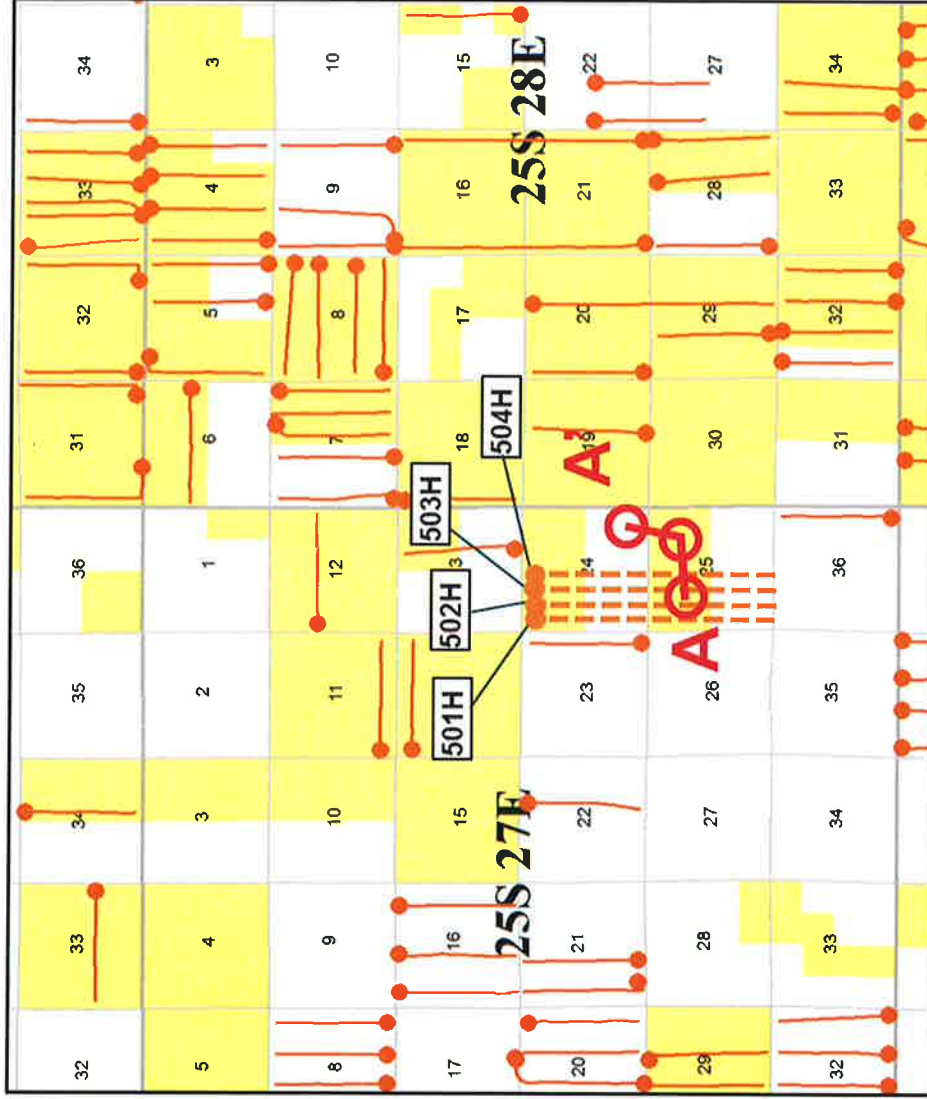
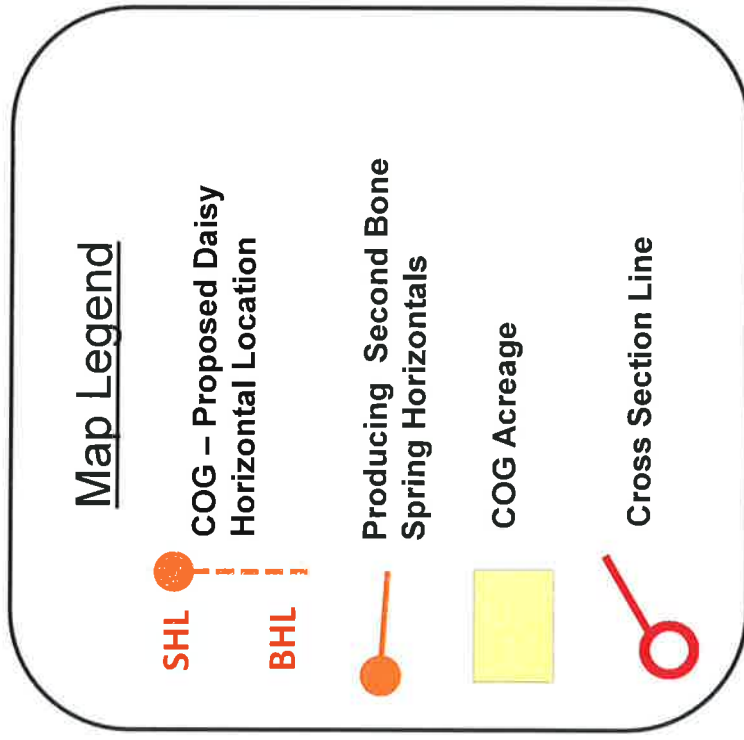
Producing Second Bone Spring Horizontals

COG Acreage

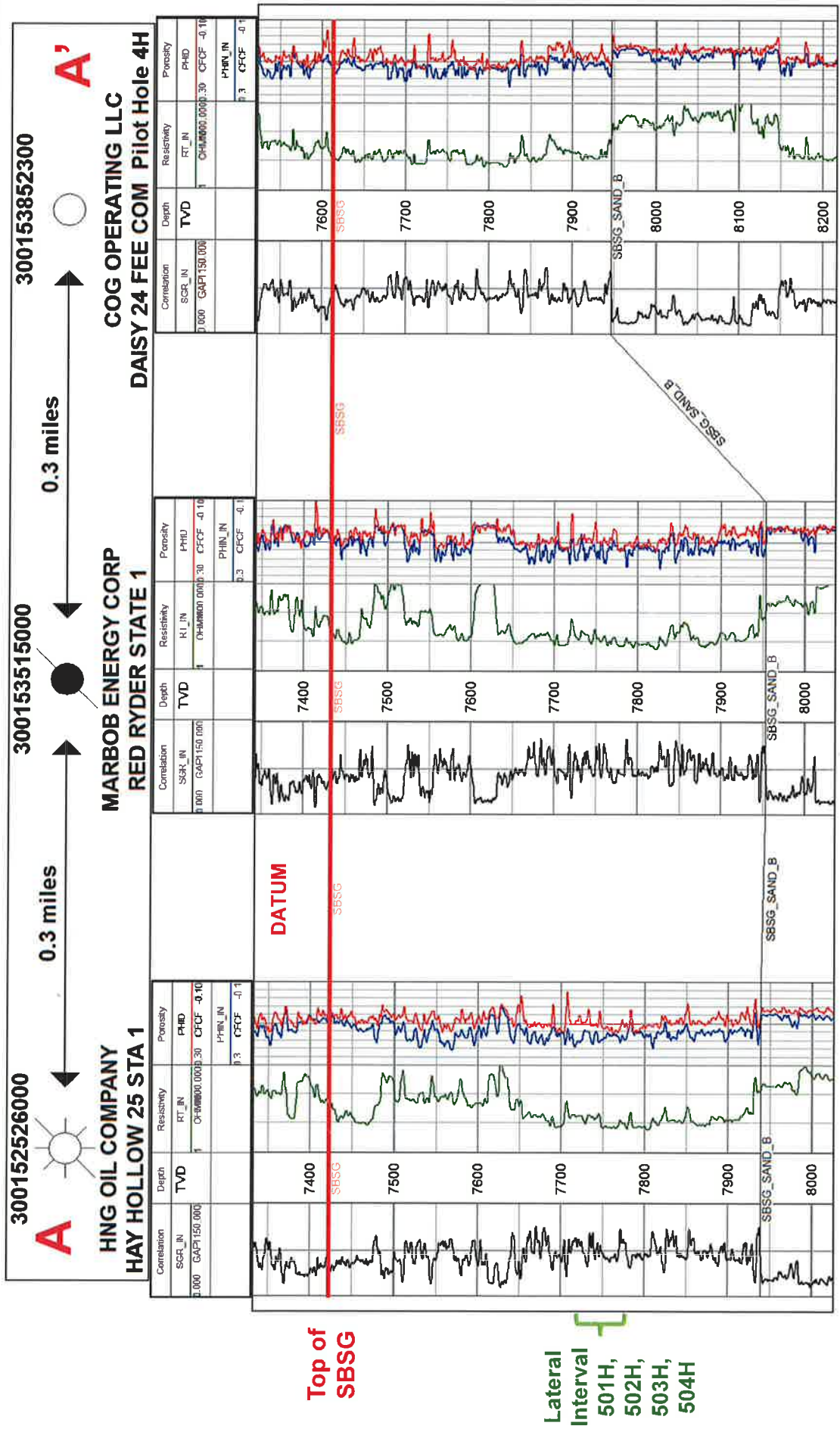
**Second Bone Spring Subsea
Structural Contours
CI: 25'**

Data point

Bone Spring Pool Cross Section Location Map

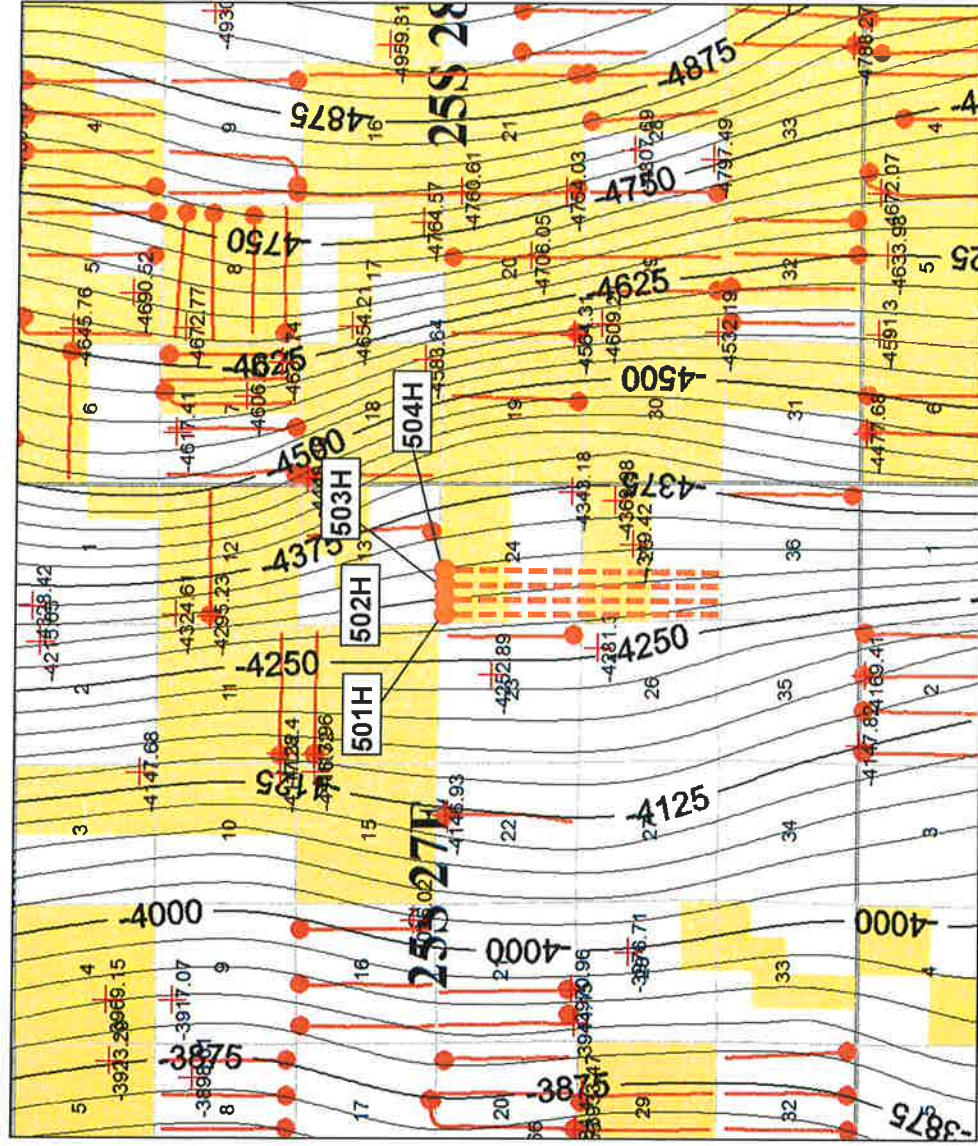


Stratigraphic Cross Section A – A'



Bone Spring Pool

Second Bone Spring Subsea Structure Map



Map Legend

SHL

COG - Proposed Daisy
Horizontal Location

BHL

Producing Second Bone
Spring Horizontals

COG Acreage

Second Bone Spring Subsea
Structural Contours
CI: 25'

Data point



Case 20335
COG B-5

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

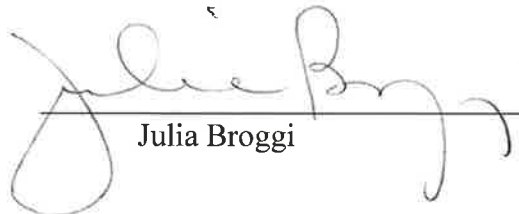
**APPLICATION OF COG OPERATING, LLC FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20335

AFFIDAVIT

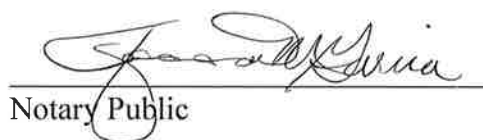
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

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 3rd day of April 2019 by Julia Broggi.



Notary Public

My Commission

Expires: August 26, 2021
12250532_1

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Case No. 20335
Submitted by: COG OPERATING, LLC
Hearing Date: April 4, 2019



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources –
Oil and Gas Law – New Mexico Board
of Legal Specification
mfeldewert@hollandhart.com

March 15, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of COG Operating LLC for compulsory pooling, Eddy County,
New Mexico.
Daisy 24 State 501H-504H Wells**

Ladies & Gentlemen:

This letter is to advise you that COG Operating Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on April 4, 2019, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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 Travis Macha at (432) 683-7443 or TMacha@concho.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR COG OPERATING LLC



Shipment Confirmation Acceptance Notice

A. Mailer Action

Note to Mailer: The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

COG Daisy 501H-504H
CM# 51500.0010
Notice List

Shipment Date: 03/13/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0013 2533 79





Firm Mailing Book For Accountable Mail

[illegible]

COG Daisy Postage Report 201904

Recipient	Status
Devon Energy Production Company LP Attn: Stephen Hoch Land Department 333 W Sheridan Ave Oklahoma City OK 73102	Delivered Signature Received
Chevron U S A Inc attn: Kristen Hunter 6301 Deauville Midland TX 79706	Delivered Signature Received