

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

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

**Case Nos. 20923, 20924, 20925
Order R-21308
De Novo Case No. 21321**

SWORN TESTIMONY

STATE OF TEXAS }
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COUNTY OF MIDLAND }

My name is Chloe Sawtelle, and I am a Senior Landman for EOG Resources, Inc. in EOG’s Midland Division. I have previously been recognized as an expert in petroleum land matters by the New Mexico Oil Conservation Division. I obtained a Bachelor of Arts degree in Political Science from Texas A&M University in 2010. In 2011 I began working for EOG as a land tech in EOG’s San Antonio Division. I transferred to the Midland Division in 2014 and was promoted to landman at that time. From 2014 to 2019, my area of responsibility was the Delaware Basin in Texas. Since 2019 I have been responsible for portions of the northern Delaware Basin in Lea and Eddy Counties, New Mexico, including EOG’s Igor and Double ABJ spacing units located in Sections 28 and 33, T23S-R32E, and Sections 9 and 16, T24S-R32E, respectively.

In the present matter, my responsibilities have included reviewing COG Operating LLC ‘s (“Concho’s”) well proposals (**EXHIBIT A-10**) and its applications for compulsory pooling for its Mastiff wells, drafting and transmitting EOG’s well proposals for its Igor and Double ABJ wells, negotiating potential acreage trades with Concho to avoid the compulsory pooling of EOG’s interests, discussing both EOG’s and Concho’s development plans with the other working interest owners in EOG’s Igor and Double ABJ spacing units and obtaining those owners’ approval, and creating or maintaining all of the documents in Exhibit A referenced in my testimony below.

EOG opposes all of Concho’s applications for compulsory pooling at issue in this matter because, in each case, Concho seeks to pool EOG’s and EOG’s JOA partners’ interests in tracts in which Concho owns no interest, and in which EOG has the approval of its co-owners to develop the acreage on behalf of all owners. Concho can develop its own minerals through either 1-mile or 1.5-mile development, without the need to compulsory pool EOG’s lands, as it has already shown through its drilling of the 1-mile Mastiff Fed #3H well in Section 4, T23S-R32E.

EXHIBIT A-1 shows the planned Igor and Double ABJ spacing units that are directly impacted by Concho’s applications for compulsory pooling in this case. A more detailed explanation of EOG’s land position depicted on Exhibit A-1 is as follows:

EOG Igor Spacing Unit and Development Plan:

- a. The Igor spacing unit is comprised of the W/2 of Section 28 and 33, T23S-R32E, Lea County, NM. The mineral interest in this spacing unit is covered by one federal lease (NMNM-77063) and the leasehold working interest is owned 70% EOG and 30% Oxy. EOG's and Oxy's working interests are governed by an existing JOA with EOG listed as the Operator. Relevant portions of the JOA are included as **EXHIBIT A-11**. EOG can develop Igor through 2-mile development under the JOA. As Operator of 100% of the Igor Spacing Unit, EOG does not need to file a compulsory pooling application to develop the acreage included within the Igor spacing unit.
- b. EOG began planning for the development of the Igor spacing unit in 2019, including through its June 20, 2019 on-site meeting with the Bureau of Land Management at the first proposed well site. On August 8, 2019, EOG proposed the first set of Igor wells to Oxy Y-1 ("Oxy"), under an existing JOA that covers the entirety of the 640-acre Igor spacing unit, as set forth in **EXHIBIT A-5-i**. On August 27, 2019, EOG submitted its first Igor APD to the BLM. And, on October 23, 2020, EOG sent Oxy updated well proposals for its Igor wells, which were again updated on October 28, 2020 to reflect current expected wells costs, as evidenced by **EXHIBIT A-5-ii**. To date, the BLM has not approved any Igor APDs because Concho has protested each. The present status of the Igor APDs are as follows:

| Well Name | Well Target | Proposed to Partners? | Permit Status |
|-------------------|-------------------------|-----------------------|------------------------|
| Igor 33 Fed #206H | Leonard B | Yes | APD Submitted 10/9/19 |
| Igor 33 Fed #207H | Leonard B | Yes | APD Submitted 10/9/19 |
| Igor 33 Fed #208H | Leonard B | Yes | APD Submitted 10/9/19 |
| Igor 33 Fed #209H | Leonard B | Yes | APD Submitted 10/9/19 |
| Igor 33 Fed #210H | Leonard B | Yes | APD Submitted 10/10/19 |
| Igor 33 Fed #305H | First Bone Spring Sand | Yes | APD Submitted 10/4/19 |
| Igor 33 Fed #306H | First Bone Spring Sand | Yes | APD Submitted 10/4/19 |
| Igor 33 Fed #307H | First Bone Spring Sand | Yes | APD Submitted 10/4/19 |
| Igor 33 Fed #308H | First Bone Spring Sand | Yes | APD Submitted 10/4/19 |
| Igor 33 Fed #504H | Second Bone Spring Sand | Yes | APD Submitted 10/3/19 |

| | | | |
|-------------------|-------------------------|-----|-----------------------|
| Igor 33 Fed #505H | Second Bone Spring Sand | Yes | APD Submitted 8/27/19 |
| Igor 33 Fed #506H | Second Bone Spring Sand | Yes | APD Submitted 10/3/19 |
| Igor 33 Fed #584H | Third Bone Spring | Yes | Not Submitted |
| Igor 33 Fed #585H | Third Bone Spring | Yes | Not Submitted |
| Igor 33 Fed #586H | Third Bone Spring | Yes | Not Submitted |
| Igor 33 Fed #706H | Wolfcamp Clastics X | Yes | APD Submitted 10/9/19 |
| Igor 33 Fed #707H | Wolfcamp Clastics X | Yes | APD Submitted 10/9/19 |
| Igor 33 Fed #708H | Wolfcamp Clastics X | Yes | APD Submitted 8/28/19 |
| Igor 33 Fed #709H | Wolfcamp Clastics X | Yes | APD Submitted 10/9/19 |
| Igor 33 Fed #710H | Wolfcamp Clastics X | Yes | APD Submitted 10/9/19 |

EOG Double ABJ Spacing Unit and Development Plan:

- a. The Double ABJ spacing unit is comprised of the SE/4 of Section 9 and the E/2 of Section 16, T24S-R32E, Lea County, NM. The mineral interest in this spacing unit is covered by two leases: Federal Lease NMNM-55953 covering the SE/4 of Section 9 and State of New Mexico Lease V0-4095-5 covering the E/2 of Section 16. The leasehold working interest in the SE/4 of Section 9 (NMNM-55953) is owned 75% EOG, 21% First Roswell and 4% Tom Jennings. EOG owns 100% of the leasehold working in the E/2 of Section 16 (V0-4095-5). The calculated Double ABJ spacing unit working interest is 91.666667% EOG, 6.944444% First Roswell and 1.388889% Tom Jennings. As discussed above, Tom Jennings, on behalf of his individual interest and First Roswell, has signed an operating agreement naming EOG Operator of the Double ABJ spacing unit, relevant portions of which are included as **EXHIBIT A-12**. EOG can develop the Double ABJ unit through 1.5-mile development, and as Operator of 100% of the spacing unit, EOG does not need to file a compulsory pooling application to develop the spacing unit.
- b. EOG began preparations for development of its Double ABJ spacing unit in 2018, including through its initial on-site meeting with the BLM on December 18, 2018. On August 13, 2019, EOG sent initial well proposals to co-working interest owners Tom Jennings and First Roswell, as set forth on **EXHIBIT A-6-i**. On August 27, 2019, EOG submitted the first Double ABJ APDs to the BLM. On April 8, 2020, the BLM approved the first Double ABJ APDs, and on October 23, 2020, EOG sent updated well proposals to Tom Jennings and First Roswell, which were again

updated on October 28, 2020 to reflect current expected well costs, as set forth on **EXHIBIT A-6-ii**. On October 27, 2020, Tom Jennings and First Roswell signed an operating agreement covering the Double ABJ acreage and naming EOG as Operator thereof. The present status of the Double ABJ APDs are as follows:

| Well Name | Well Target | Proposed to Partners? | Permit Status |
|-----------------------------|-------------------------|-----------------------|----------------------|
| Double ABJ 16 Fed Com #201H | Leonard B | Yes | Not Submitted |
| Double ABJ 16 Fed Com #202H | Leonard B | Yes | Not Submitted |
| Double ABJ 16 Fed Com #203H | Leonard B | Yes | Not Submitted |
| Double ABJ 16 Fed Com #204H | Leonard B | Yes | Not Submitted |
| Double ABJ 16 Fed Com #205H | Leonard B | Yes | Not Submitted |
| Double ABJ 16 Fed Com #301H | First Bone Spring Sand | Yes | Not Submitted |
| Double ABJ 16 Fed Com #302H | First Bone Spring Sand | Yes | Not Submitted |
| Double ABJ 16 Fed Com #303H | First Bone Spring Sand | Yes | Not Submitted |
| Double ABJ 16 Fed Com #304H | First Bone Spring Sand | Yes | Not Submitted |
| Double ABJ 16 Fed Com #501H | Second Bone Spring Sand | Yes | APD Approved 4/8/20 |
| Double ABJ 16 Fed Com #502H | Second Bone Spring Sand | Yes | APD Approved 5/19/20 |
| Double ABJ 16 Fed Com #503H | Second Bone Spring Sand | Yes | APD Approved 4/8/20 |
| Double ABJ 16 Fed Com #504H | Second Bone Spring Sand | Yes | APD Approved 4/8/20 |
| Double ABJ 16 Fed Com #505H | Second Bone Spring Sand | Yes | APD Approved 4/22/20 |
| Double ABJ 16 Fed Com #506H | Second Bone Spring Sand | Yes | APD Approved 4/8/20 |
| Double ABJ 16 Fed Com #581H | Third Bone Spring | Yes | APD Approved 5/19/20 |
| Double ABJ 16 Fed Com #582H | Third Bone Spring | Yes | APD Approved 4/22/20 |
| Double ABJ 16 Fed Com #583H | Third Bone Spring | Yes | APD Approved 4/8/20 |
| Double ABJ 16 Fed Com #701H | Wolfcamp Clastics X | Yes | APD Approved 4/30/20 |

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|-----------------------------|---------------------|-----|------------------------|
| Double ABJ 16 Fed Com #702H | Wolfcamp Clastics X | Yes | APD Approved 4/30/20 |
| Double ABJ 16 Fed Com #703H | Wolfcamp Clastics X | Yes | APD Approved 4/8/20 |
| Double ABJ 16 Fed Com #704H | Wolfcamp Clastics X | Yes | APD Submitted 12/10/19 |
| Double ABJ 16 Fed Com #705H | Wolfcamp Clastics X | Yes | APD Submitted 12/10/19 |

EOG has also submitted applications for rights of way for gas and water takeaway as well as road access to cover both Igor and Double ABJ. Furthermore, EOG has drilling rigs running in Lea County, New Mexico, and will be able to begin development of Igor and Double ABJ in a timely manner if its acreage is not compulsory pooled.

EXHIBIT A-2 depicts the same map as Exhibit A-1 but includes Concho's proposed Mastiff spacing units shown in red. If granted, Concho's applications at issue in this matter will cause significant disruption to EOG's development plans for the Igor and Double ABJ spacing units.

EOG owns or controls 100% of its Igor spacing unit through a signed JOA with Oxy and owns or controls 100% of the Double ABJ spacing unit through a signed JOA with Tom Jennings and First Roswell. Concho owns no interest in either the Igor spacing unit or the Double ABJ spacing unit. Furthermore, Concho faces opposition from the owners of 100% of the interest it is seeking to compulsory pool into its proposed Mastiff spacing units, as evidenced by letters of support to EOG by Oxy and Tom Jennings and First Roswell, as set forth on **EXHIBITS A-3 and A-4**. EOG expressed its drilling plans for Double ABJ and Igor with Concho and also clarified that it did not wish to be included in Concho's proposed Mastiff development as evidenced by **EXHIBIT A-8 & EXHIBIT A-9**. Furthermore, EOG protested a series of Concho's APD applications with the BLM as set forth on **EXHIBIT A-7**.

Concho seeks to have the Commission nullify EOG's operating rights under EOG's and Oxy's Igor JOA as well as EOG's and Tom Jennings's/First Roswell's Double ABJ JOA by precluding EOG from developing the Igor and Double ABJ acreage by Granting Concho operatorship over acreage in which it owns no interest. Additionally, Concho seeks to have the Commission override the objections of the working interest owners in the Igor and Double ABJ acreage who have expressed their preference for EOG to operate. Concho's forced intrusion into EOG's controlled acreage will substantially harm EOG's and its co-owners' correlative rights.

In conclusion, EOG owns a greater working interest in both its Igor and Double ABJ Spacing Units than Concho will hold in its proposed Mastiff Spacing Units. EOG owns or controls 100% of both its Igor spacing unit and its Double ABJ spacing unit. Concho, on the other hand, owns 0% of the tracts in Igor and Double ABJ that it seeks to compulsory pool in this case. EOG's development plan will best protect correlative rights by allowing each EOG and Concho to develop its own acreage. If Concho's Applications are denied, Concho can still drill 1-mile laterals on its acreage in the W/2 of Section 4 and 1.5-mile laterals on its acreage in the E/2 of Section 4 and the NE/4 of Section 9. Concho has already begun 1-mile development in their W/2 Mastiff Spacing

Unit in Section 4, and they've drilled several other 1-mile laterals in the surrounding area. EOG should not be forced to sacrifice its development plans so that Concho can improve its well economics.

Chloe Sawtelle
CHLOE SAWTELLE

SUBSCRIBED AND SWORN to before me this 28th day of October, 2020 by Chloe Sawtelle on behalf of EOG Resources, Inc.

Tracy Jordan
Notary Public

My Commission Expires:
10-17-2023

