

### COG OPERATING LLC

Potato Baby Wells Eddy County, New Mexico

November 5, 2020





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

APPLICATION OF COG OPERATING LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-21102-A EDDY COUNTY, NEW MEXICO.

**CASE NO. 21525** 

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

APPLICATION OF COG OPERATING LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-21102-A EDDY COUNTY, NEW MEXICO

CASE NO. 21525
ORDER NO. R-21102-A (Re-Open)

#### **APPLICATION**

COG Operating LLC ("COG") (OGRID No. 229137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division ("Division") for the limited purpose of pooling additional unleased mineral interest owners under the terms of Division Order No. R-21102-A. In support of its application, COG states:

- 1. The Division entered Order No. R-21102 in Case No. 20935 on February 12, 2020, which created a 767.52-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Sections 22 and 27, and the N/2 NW/4 and Lots 1-2 (W/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico ("Unit"), and designated COG as the operator of the Unit.
- 2. Order No. R-21102 further pooled all uncommitted interests within the Purple Sage; Wolfcamp Gas Pool (Pool Code: 98220) underlying the Unit and dedicated the Unit to the Potato Baby State Com Well Nos. 704H, 705H, and 706H.
- 3. The Division entered Order No. R-21102-A in Case No. 21312 on June 12, 2020, which conformed Order No. R-21102 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template).

4. Since the entry of Order No. R-21102-A, COG has identified additional unleased mineral interest owners in the Unit that have not been pooled pursuant to the terms of Order No. R-21102.

5. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, COG requests that Order No. R-21102-A be opened for the limited purpose of pooling the additional unleased mineral interest owners in the Unit pursuant to the terms of Order No. R-21102-A.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 2020, and, after notice and hearing as required by law, the Division pool the additional unleased mineral interest owners pursuant to the terms of Order No. R-21102-A.

Respectfully submitted,

**COG OPERATING LLC** 

/s/ Michael Rodriguez

Ocean Munds-Dry
Michael Rodriguez
COG Operating LLC
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
(505) 780-8000
omundsdry@concho.com
mrodriguez@concho.com

ATTORNEYS FOR COG OPERATING LLC

Case No. \_\_\_\_\_: Application of COG Operating LLC to pool additional interest owners under Order No. R-21102-A, Eddy county, New Mexico. Applicant in the above-styled cause seeks an order for the limited purpose of pooling additional unleased mineral interest owners under the terms of Division Order No. R-21102-A. The Division entered Order No. R-21102 in Case No. 20935 on February 12, 2020, which created a 767.52acre, more or less, standard horizontal spacing unit comprised of the W/2 of Sections 22 and 27, and the N/2 NW/4 and Lots 1-2 (W/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico ("Unit"), and designated COG as the operator of the Unit. Order No. R-21102 further pooled all uncommitted interests within the Purple Sage; Wolfcamp Gas Pool (Pool Code: 98220) underlying the Unit and dedicated the Unit to the Potato Baby State Com Well Nos. 704H. 705H, and 706H. The Division entered Order No. R-21102-A in Case No. 21312 on June 12, 2020, which conformed Order No. R-21102 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template). Since the entry of Order No. R-21102-A, COG has identified additional unleased mineral interest owners in the Unit that have not been pooled pursuant to the terms of Order No. R-21102.

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

APPLICATION OF COG OPERATING LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-21102-A EDDY COUNTY, NEW MEXICO

> CASE NO. 21525 ORDER NO. R-21102-A (Re-Open)

#### **LANDMAN AFFIDAVIT**

Lizzy Laufer, of lawful age and being first duly sworn, declares as follows:

- 1. My name is Lizzy Laufer, and I am a Landman with COG Operating LLC ("COG").
- 1. I have testified before the New Mexico Oil Conservation Division ("Division") and my credentials as an expert witness in petroleum land matters were accepted and made a matter of record.
- 2. I am familiar with the application filed by COG in this case and familiar with the status of the lands in the subject area.
- 3. None of the parties proposed to be pooled in this case have indicated opposition to this proceeding, therefore I do not expect any opposition at hearing.
- 4. In this application, COG seeks to pool additional interest owners pursuant to the terms of Division Order No. R-21102-A.
- 5. The Division entered Order No. R-21102 in Case No. 20935 on February 12, 2020, which created a 767.52-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Sections 22 and 27, and the N/2 NW/4 and Lots 1-2 (W/2 equivalent) of irregular Section 34,

COG OPERATING LLC
Hearing Date: November 5, 2020

Township 26 South, Range 28 East, Eddy County, New Mexico ("Unit"), and designated COG as the operator of the Unit.

- 6. Order No. R-21102 further pooled all uncommitted interests within the Purple Sage; Wolfcamp Gas Pool (Pool Code: 98220) underlying the Unit and dedicated the Unit to the Potato Baby State Com Well Nos. 704H, 705H, and 706H.
- 7. The Division entered Order No. R-21102-A in Case No. 21312 on June 12, 2020, which conformed Order No. R-21102 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template).
- 8. Since the entry of Order No. R-21102-A, COG has identified additional unleased mineral interest owners in the Unit that have not been pooled pursuant to the terms of Order No. R-21102-A.
  - 9. Exhibit A-1 contains Division Order No. R-21102.
  - 10. Exhibit A-2 contains Division Order No. R-21102-A.
- 11. Since the entry of Order No. R-21102-A, COG has identified additional unleased mineral interest owners in the Unit that have not been pooled pursuant to the terms of Order No. R-21102-A.
- 12. Exhibit A-3 identifies the additional mineral interest owners to be pooled under the terms of Order No. R-21102-A and the location of its interests COG seeks to pool within the subject tracts.
- 13. Exhibit A-4 contains a sample lease offer letter and well AFEs sent to the mineral interest owners.
- 14. I have provided COG's legal counsel the name and address of the additional mineral interest owner COG seeks to pool and instructed that they be notified of this hearing. Additionally,

notice of this hearing was timely published in a newspaper of general circulation in Eddy County, New Mexico.

- 15. COG requests the additional mineral interest owners be pooled pursuant to the terms of Order No. R-21102-A.
- 16. Exhibit A through Exhibit A-4 were either prepared by me or compiled under my direction and supervision.

[Signature page follows]

STATE OF TEXAS

**COUNTY OF MIDLAND** 

SUBSCRIBED and SWORN to before me this day of

**NOTARY PUBLIC** 

My Commission Expires:

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COG OPERATING LLC

CASE NO. <u>20935</u> ORDER NO. <u>R-21102</u>

#### <u>ORDER</u>

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on December 12, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

#### **FINDINGS OF FACT**

- 1. COG Operating LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

Case No. 21525 Exhibit No. A-1 Submitted by: COG OPERATING LLC

Hearing Date: November 5, 2020

#### **CONCLUSIONS OF LAW**

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

#### **ORDER**

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
- 19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.
- 20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

CASE NO. <u>20935</u> ORDER NO. <u>R-21102</u>

- 21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
- 22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
- 23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
- 24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
- 25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

- 27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 et seq., and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 et seq.

- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL DIRECTOR

AS/jag

Date: February 12, 2020

#### Exhibit "A"

Applicant:

**COG Operating LLC** 

Operator:

COG Operating LLC (OGRID 229137)

Spacing Unit:

**Horizontal Gas** 

**Building Blocks:** 

Half Section Equivalent

Spacing Unit Size:

767.52 acres (more or less)

Orientation of Unit:

North/South

Spacing Unit Description:

W/2 of Sections 22 and 27, and the N/2 NW/4 and Lots 1-2 (W/2 equivalent) of irregular

Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation

Depth Severance? (Yes/No): No

Pool:

Purple Sage; Wolfcamp Gas (Pool code 98220)

Pool Spacing Unit Size:

Half Sections

Governing Well Setbacks:

Special Rules for the Purple Sage Gas Pool Apply

Pool Rules:

Purple Sage and Horizontal Well Rules

Proximity Tracts:

No

Monthly charge for supervision: While drilling: \$7000 While producing: \$700 As the charge for risk, 200 percent of reasonable well costs.

#### **Proposed Wells:**

Potato Baby State Com Well No. 704H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1351 feet from the West line, (Unit C) of Section 22, Township 26 South, Range 28 East, NMPM. BHL: 330 feet from the South line and 2178 feet from the West line, (Unit N) of Section 34, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A at approx 9500 feet TVD.

Well Orientation:

North to South

Completion Location expected to be: standard

Potato Baby State Com Well No. 705H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1321 feet from the West line, (Unit C) of Section 22, Township 26 South, Range 28 East, NMPM. BHL: 330 feet from the South line and 1254 feet from the West line, (Unit M) of Section 34, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A at approx 8480 feet TVD.

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Well Orientation: North to South

Completion Location expected to be: standard

#### Potato Baby State Com Well No. 706H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1291 feet from the West line, (Unit D) of Section 22, Township 26 South, Range 28 East, NMPM. BHL: 330 feet from the South line and 330 feet from the West line, (Unit M) of Section 34, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A at approx 8460 feet TVD.

Well Orientation: North to South

Completion Location expected to be: standard

CASE NO. 20935 ORDER NO. R-21102

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY COG OPERATING, LLC

CASE NO. 21312 ORDER NO. R-21102-A

#### **ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on June 11, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order:

#### FINDINGS OF FACT

- 1. COG Operating, LLC. ("Operator") applied to conform Order R-21102 ("Exising Order") issued in Case No. 20935 with the Division's recently amended order template ("Amended Template").
- 2. Operator is in good standing under state-wide rules and regulations with respect to the Existing Order.
- 3. Operator has reviewed and agrees to the terms and conditions in the ordering paragraphs of the Amended Template.
- 4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

#### **CONCLUSIONS OF LAW**

- 5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 6. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 7. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 8. This Order affirms the Findings of Fact and Conclusions of Law in the Existing Order and replaces the ordering paragraphs 15-35 in the Existing Order as stated below.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21525 Exhibit No. A-2

Submitted by:
COG OPERATING LLC
Hearing Date: November 5, 2020

#### **ORDER**

- 9. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 10. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 11. Operator is designated as operator of the Unit and the Well(s).
- 12. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 13. The Operator shall commence drilling the Well(s) within one year after the date of this Order and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 14. This Order shall terminate automatically if Operator fails to comply with Paragraph 13 unless Operator obtains an extension by an amendment of this Order for good cause shown.
- 15. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 16. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 17. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
- 18. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written

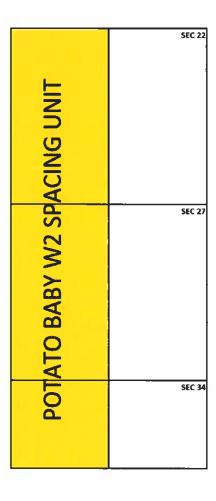
- objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 19. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 20. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 21. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 22. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 24. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 23 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 25. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

- 26. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 27. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 et seq., and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 et seq.
- 28. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 29. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL DIRECTOR AES/jag Date: 6/12/2020

TRACT 38: STATE OF NM	STATE OF NM VO-7967-2 80 AC	SEC 22
VO-7967-2 80 AC	TRACT 1: FEE 40 AC	
TRACT 28: FEE 80 AC	TRACT 2A: FEE 40 AC	
SU AC		SEC 27
STATE VB-	CT 4: OF NM 1126 D AC	
STATE V8-	CT 5 OF NM 1127 52 AC	SEC 34



WZ POTATO BABY UNIT											
LEASEHOLD OWNER	TR 1	TR 2A	TR 2B	TR 3A	TR 3B	TR 4	TR 5	UNIT RECAP			
COG PRODUCTION, LLC	0.01038185	0.00995322	0.01956103	0.03538923	0.03477516	0.00000000	0.00000000	0.11006049			
COG ACREAGE, LP	0.00042387	0.00040637	0.00150927	0.00144486	0.00268315	0.00000000	0.00000000	0.00646750			
OXY USA INC	0.01080572	0.01035959	0.01923810	0.03683409	0.03420106	0.00000000	0.00000000	0.11143855			
ALLAR DEVELOPMENT LLC	0.00446517	0.00054759	0.00000000	0.00194700	0.00000000	0.00000000	0.00000000	0.00695976			
EG3 DEVELOPMENT LLC	0.00148838	0.00018253	0.00000000	0.00064900	0.00000000	0.00000000	0.00000000	0.00231991			
COG OPERATING LLC	0.01008141	0.01029268	0.02279053	0.02718639	0.03110668	0.41692725	0.16614551	0.68453045			
CONCHO OIL & GAS LLC	0.00022919	0.00021973	0.00082449	0.00078125	0.00146576	0.00000000	0.00000000	0.00352041			
TAP ROCK RESOURCES LLC	0.00082108	0.02015420	0.04030840	0.00000000	0.00000000	0.00000000	0.00000000	0.06128367			
UMI - FRANCO NEVADA TEXAS LP	0.00704320	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00704320			
UMI- CHISOS MINERALS LLC	0.00133631	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00133631			
UMI- MAP2009-OK	0.00334076	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00334076			
UMI - ELLEN RYAN	0.00169898	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00169898			
TOTAL	0.05211591	0.05211591	0.10423181	0.10423181	0.10423181	0.41692725	0.16614551	1.00000000			

COMMENTS

Allar Company		Interest previously pooled under order
P.O. Box 1567		R-21102-A
Graham, TX 76450	WI	
EG3 Development LLC		Interest previously pooled under order
P.O. Box 1567		R-21102-A
Graham, TX 76450	WI	N 22202 //
Tap Rock Resources LLC		Interest previously pooled under order
523 Park Point Dr. Suite 200		R-21102-A
Golden, CO 80401	WI	
Ricky D. Raindl		Interest previously pooled under order
P.O. Box 142454		R-21102-A
Irving, TX 75014	NPRI	N-21102-A
Buckhorn Minerals IV, LP		Interest previously pooled under order
1800 Bering Drive, Suite 1075		R-21102-A
Houston, TX 77057	NPRI	N-21102-A
Marguerite Fort Burns SSP		Interest previously pooled under order
12711 Colorado Blvd E #505		R-21102-A
Thornton, CO 80241	ORRI	R-21102-A
OXY USA Inc		Interest previously pooled under order
5 Greenway Plaza, Suite 110		R-21102-A
Houston, TX 77046	ORRI/RT	R-21102-A
Delaware Ranch, Inc.		Interest previously pooled under order
1304 W. Riverside Dr.		R-21102-A
Carlsbad, NM 88202	RI	R-21102-A
Ellen Y Ryan	имі	Additional interest to be pooled
5300 Mohawk Lane		
Fairway, KS 66205	TRACT 1	
Map2009-OK		Additional interest to be pooled
101 N. Robinson Suite 1000	UMI	
Oklahoma City, OK 73102	TRACT 1	
Chisos Minerals LLC		Additional interest to be pooled
1111 Bagby Street, Suite 2150	UMI	
Houston, TX 77002	TRACT 1	
Franco Nevada Texas, LP		Additional interest to be pooled
1745 Shea Center Drive, Suite 400	UMI	
1745 Shea Center Drive, Suite 400 Highlands Ranch, CO 80129	UMI TRACT 1	

PARTIES TO POOL

**	
Well proposal sent	YES
Communitization Agreement sent	YES
Desigation of Pooled Unit Sent	YES
Joint Operating Agreement sent	YES

Notes:
Due to a number of separate JOAs covering the area, leasehold ownership does not exactly correspond with contractual ownership.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21525 Exhibit No. A-3
Submitted by:
COG OPERATING LLC
Hearing Date: November 5, 2020



August 25, 2020

Via Certified Mail #91 7199 9991 7039 1750 9368 Chisos Minerals LLC 1111 Bagby Street, Suite 2150 Houston, TX 77002

Re: Potato Baby State Com Unit

W/2 of Sections 22, 27, and 34, T26S-R28E

**Eddy County, New Mexico** 

Dear Sir or Madam:

COG Operating, LLC ("COG") hereby proposes the drilling of the following horizontal wells:

- Potato Baby State Com 704H, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 9,620'. The surface hole location for this well is proposed at a legal location in Lot 2 of Section 34 and the bottomhole location in a legal location in Unit C of Section 22. The dedicated project area will be W/2 of Sections 22 and 27, and N2NW4 and Lots 1, 2 (W/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$9,279,000, as shown on the attached AFE.
- Potato Baby State Com 705H, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 9,615'. The surface hole location for this well is proposed at a legal location in Lot 2 of Section 34 and the bottomhole location in a legal location in Unit C of Section 22. The dedicated project area with be W/2 of Sections 22 and 27, and N2NW4 and Lots 1, 2 (W/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$9,279,000, as shown on the attached AFE.
- Potato Baby State Com 706H, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 9,605'. The surface hole location for this well is proposed at a legal location in Lot 2 of Section 34 and the bottomhole location in a legal location in Unit D of Section 22. The dedicated project area with be W/2 of Sections 22 and 27, and N2NW4 and Lots 1, 2 (W/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$9,279,000, as shown on the attached AFE.

As an unleased mineral owner, you have the opportunity to participate in the drilling of the wells described above. Should you wish *to participate*, please indicate so below and return to me within thirty days of receipt of this letter. An OA for the W/2 Potato Baby Unit is also enclosed for your review and execution, indicating a 0.1336305 % WI per our current records. Please review the enclosed OA and execute where indicated should you wish to participate under the OA.

Should you wish **not to participate** in this Operation, COG hereby makes the following offer to lease your minerals described below. According to the Official Public Records of Eddy County, New Mexico, you own an undivided .02564 mineral interest in and under the lands described below, being a total of

1.0256 net mineral acres. COG is offering to lease your minerals for \$5,000 per net mineral acre which yields a total lease bonus payment of \$5,128.00. This lease will include a three (3) year primary term and a 25% royalty interest. A lease form is attached for your review and execution should you accept. This offer is subject to final title review and management approval, as well as a mutually agreeable lease form, and will remain valid until September 21, 2020. Your minerals are described as:

#### Township 26 South, Range 28 East, N.M.P.M.

Section 22: SE/4 NW/4, as to all depths below 8,171', or those certain depths 100' below the deepest depth drilled of the Diamondback 22 State Com #4H well (API No. 30-015-40816) Containing 40.00 gross acres, more or less, in Eddy County, New Mexico

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.

Should you have any questions, please do not hesitate to contact me at 432.221.0470 or elaufer@concho.com. I look forward to discussing this opportunity with you in greater detail.

Sincerely,

COG	Ope	ratin	ıg L	LC

Lizzy Laufer Landman II

LL:bh Enc

WELL NAME	Elect to PARTICIPATE in drilling and completion	Elect NOT TO PARTICIPATE in drilling and completion
Potato Baby State Com 704H		
Potato Baby State Com 705H		
Potato Baby State Com 706H		

MINERALS LLC		

## COG OPERATING LLC AUTHORITY FOR EXPENDITURE Drill & Complete

Well Mame POTATO BABY STATE COM 704H
SHL 34: 380 FSL, 1385 FWL, or Lot 2
BHL 22: 200 FML, 2310 FWL, or Unit C
Formation WOLFCAMP
Legal 22, 27, 34, 1265: A28E
AFE Numbers

Prospect ATLAS 2628
State & County New MEXICO, EDDY
Objective DRILL & COMPLETE
Depth 23,921
TVD 9,620

Cost Description	Code	Destinated (D4)	Dec Bot Coolers/DC1		Orithus (DO)	L C	anadallana (CL	Tool: Dib.	Canabalatio	Describer (DEC	n O			Tel
Intangible Costs	Local	Prespud (PS)	Pre-Set Casing(PC)	-	multing (nid	Lice	ompletions (C)	faunt factA	Counteru[[R]	Pmps Equip (PEC	Revision	n _		Tot
D-Letn/Prts/Roads	205			\$	106,000.00	_	THE RESERVE AND THE PERSON			The same property of the party of	Is ·	Ts	404	0.000.0
D-Drilling Overhead	206			1	8.000.00	Н					1 -	13		6,000.0
D-Daywork Contract	209			\$	574,000.00	⊢					\$ .	1 \$		4,000.0
O-Directional Drig Services	210			Š	306,000.00	⊢		-			\$ .	\$		8.000.0
D-Fuel & Power	211			3	99.000.00	⊢					\$ .	13		9,000.0
D-Water	212			5	84.000.00	⊢				<del></del>	1 .	13		
D-Brts	213			\$	106,000.00	⊢					\$ .	-   3		4,000.0 8,000.0
		_				⊢								
D-Mud & Chemicals	214			3	218,000.00	⊢					\$	3		8.000.0
D-Cement Surface	217			8	22.000.00	<u></u>					8 -	\$		2.000.0
D-Cement Intermed	218			\$	83,000.00	⊢					\$ .	\$		3,000.0
D-Prod-2nd Int Cmt	219			\$	122,000.00	L					\$ .	\$		2.000.0
D-Float Equipment & Centralizers	221			5	87,000.00	_					\$ -	\$	67	7,000.0
D-Csg Crews & Equip	222			\$	72,000.00	_				l	S .	\$		2,000.0
D-Contract Labor	225			\$	8,000.00	L.					\$ .	\$		8.000.0
D-Company Sprvsn	226			5	46,000.00					1	\$ -	s	44	8.000.0
D-Contract Sprvsn	227			\$	120,000.00						\$ .	\$	121	0,000.0
D-Tstg Csg/Tbg	226			\$	45,000.00	Г					3 -	7 \$	45	5.000.0
D-Mud Logging Unit	229			5	45,000.00	Г					\$ -	\$	4.5	5,000.0
D-Rentals-Surface	235		1	\$	187,000.00	$\vdash$					\$ .	s		7,000.0
D-Rentals-Subselc	236			\$	87,000.00						1	13		7.000.0
O-Trucking/ForkMt/Rig Mab	237			\$	178.000.00	$\vdash$				<u> </u>	\$ -	1 5		8,000.0
D-Welding Services	238		1	\$	4.000.00						\$ .	1 5		4.000.0
D-Contingency	243			3	67,000.00	$\vdash$				<del></del>	3 -	†ŝ		7.000.0
D-Envrnmtl/Clsd Loop	244			5	293,000.00	$\vdash$				<del> </del>	\$ -	+;		3,000.0
C-Wellbore Frac Prep	304				_===,=====	5	116.000.00				\$ .	1 3		8,000.0
C-Lctn/Pits/Roads	305			$\vdash$		3	13.000.00							
				-			19,000.00			-	\$ -	13		3,000.0
C-Completion DH	306			<del>                                     </del>		3					s .	\$		9,000.0
C-Frac Equipment	307			<u> </u>		8	794,000.00				\$ .	\$		4.000.0
C-Frac Chemicals	308			-		5	504,000.00				\$ -	. 5		4,000.0
C-Frac Proppant	309			_		\$	229,000.00				S (4.1	\$		9,000.0
C-Frac Proppant Transportation	310					3	355,000.00				3 9	\$		5.000.0
C-Fuel Delivery & Services	311					\$	51,000.00				\$ -	S		1,000.0
C-Water	312					\$	336,000.00				\$	\$		8,000.0
C-Frac Surface Rentals	315					\$	317,000.00				\$	\$	317	7.000.0
C-Contract Labor	325					5	13.000.00				\$	3	10	3.000.0
C-Company Sprvsn	326		L			\$	13,000.00				\$	\$	13	3,000.0
C-Contract Sprvsn	327					\$	169,000.00				S +	5	161	9,000.0
C-Artificial Lift Install	329					5	55.000.00				\$ -	3	54	5.000.0
C-Perf/Wireline Svc	331					\$	390,000,00				\$	S		0.000.0
C-Trucking/Forklift/Rig Mab	337		1			3	13,000.00				\$ .	\$	1:	3,000.0
C-Water Disposal	339			$\overline{}$		5	49.000.00				3 -	\$		9.000.0
C-Contingency	343					3	91,000.00				8 -	ŝ		1,000.0
C-Dyed Diesel	345			$\vdash$		\$	190,000,00				\$ .	Ťŝ		0.000.0
C-Oriflaut	346	-	<del>                                     </del>			8	362,000.00				\$ -	1 3		2.000.0
TB-Damages/Right of Way	351					Ť	002.000.00	s	2,000.00	<del>                                     </del>	\$ -	Š		2,000.0
TB-Location/Pits/Roads	353		<del>                                     </del>	$\vdash$		$\vdash$		\$	34.000.00		\$	13		4,000.0
TB-Contract Labor	356					$\vdash$		\$	180,000.00		1	13		
	374		_	-		⊢		3	100,000.00					0.000.0
PEQ-Contract Labor	387					⊢				\$ 39,000.00	\$ .	\$		9,000.0
PEQ-Water Disposal				$\vdash$		⊢				\$ 179,000.00		\$		9.000.0
PEQ-HRZ Well Offset Frac	391			-		٠.				\$ 18,000.00		\$		8.000.0
Total Intangible Costs	O'rester	\$ separate	4 Wester (1975 - 19	\$ 2	2,947,000.00	8	4,079,000.00	\$ 1527,000	216,000.00	\$ 238,000.00	\$ 2000000000000000000000000000000000000	8	7,471	0.000,8
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PEQ-Flowback Crews & Equip	392									\$ 108,000.00	S .	\$		8,000 D
D-Surface Casing	401			\$	24,000.00						\$ -	3	24	4,000.0
D-Intermed Csg	402			S	184,000.00						\$ -	S		4,000.0
O-Production Casing/Liner	403			\$	457,000.00						\$ .	\$		7.000.0
D-Wellhead Equip	405			\$	84,000.00	Г					\$ -	3		4,000.0
C-Tubing	504		1	$\overline{}$		5	63,000.00			1	\$ -	13		3,000.0
C-Wellhead Equip	505					S	34,000.00				8 -	ŝ		4,000.0
TB-Tanks	510					<u> </u>		\$	58,000.00	i	\$ .	13		8,000.0
TB-Flowlines/Pipe lines	511		i — —	$\vdash$		$\vdash$		\$	28.000.00	<u> </u>	3 -	1 5		1,000.0
TB-Htr Trtr/Seprir	512		i e	$\vdash$		-		\$	185,000.00	1	1 -	13		5.000.0
TB-Electrical System/Equipment	513		<del></del>	$\vdash$		1		5	114,000.00		\$ .	13		4,000.0
C-Pckrs/Anchors/Hgrs	514			$\vdash$		5	79.000.00	-	(14,000.00		3 -	13		
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TB-Couplings/Fittings/Valves				$\vdash$		$\vdash$		\$	26.000.00		\$ .	3		8,000.0
TB-Couplings/Fittings/Valves TB-Pumps-Surface	521					-		\$	20,000.00		3 -	1.5		0.000.0
TB-Couplings/Fittings/Valves TB-Pumps-Surface TB-Instrumentation/SCADA/POC	522	_				_		\$	20,000.00		1 .	\$		0,000.0
TB-Couplings/Fitting:/Valves TB-Pumps-Surface TB-Instrumentation/SCADA/POC TB-Miscellaneous	522 523		ļ	-				\$	26,000.00		\$ .			
TB-Couplings/Fittings/Valves TB-Pumps-Surface TB-Instrumentation/SCADA/POC TB-Miscellaneous TB-Meters/Lacts	522 523 525					╙						\$		
TB-Couplings/Fittings/Valves TB-Pumps-Surface TB-Instrumentation/SCADA/POC TB-Instrumentation/SCADA/POC TB-Miscellaneous TB-Meters/Locts TB-Flares/Combustirs/Emission	522 523 525 526							S	31,000.00		\$ -	\$	3'	1.000.0
TB-Couplings/Fittings/Valves TB-Pumps-Surface TB-Pumps-Surface TB-Instrumentation/SCADA/POC TB-Miscellaneous TB-Meters/Lacts TB-Isres/Combusters/Emission C-Gas Lift/Compression	522 523 525 526 527					\$	31.000.00				\$ -	\$	3,	1.000.0 1,000.0
T8-Couplings/Fittings/Valves T8-Pumps-Surface T8-Instrumentation/SCADA/POC T8-Miscellaneous T8-Meters/Lacts T8-Haters/Lorousters/Emission C-Gas Lift/Compression PEQ-Wellhead Equipment	522 523 525 526					\$			31,000.00	\$ 39,000.00	\$ -	\$	3,	8.000.0 1.000.0 1,000.0 9,000.0
TB-Couplings/Fittings/Valves TB-Pumps-Surface TB-Pumps-Surface TB-Instrumentation/SCADA/POC TB-Miscellaneous TB-Meters/Lacts TB-Isres/Combusters/Emission C-Gas Lift/Compression	522 523 525 526 527	\$ -		1	749,009.00	\$	31.000.00				\$ - \$ ·	\$	31 3.	1.000.0 1,000.0
T8-Couplings/Fittings/Valves T8-Pumps-Surface T8-Instrumentation/SCADA/POC T8-Miscellaneous T8-Meters/Lacts T8-Haters/Lorousters/Emission C-Gas Lift/Compression PEQ-Wellhead Equipment	522 523 525 526 527	\$ -	<b>8</b>	5	749,009.00	Ľ			31,000.00		\$ - \$ ·	\$	31 3.	1.000.0 1,000.0 9,000.0
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COG Operating LLC	
By:	Date Prepared 8.20.20
We approve:	COG Operating LUC
% Working Interest	θγ.
Campany: By:	
Printed Name: Title: Date:	This AFE is only an estimate. By ligning you agree to pay your share of the actual limits incurred.

## COG OPERATING LLC AUTHORITY FOR EXPENDITURE Drill & Complete

Well Name POTATO BABY STATE COM 705H
SML 34: 380 FSL, 1355 FWL, or Lot 2
BML 22: 200 FNL, 1430 FWL, or Unit N
Formation WOUTCAMP
Legal 22, 27, 34, T265-R28E
AFE Numbers

Prospect ATLAS 2628
State & County NEW MEXICO, EDDY
Objective DRILL & COMPLETE
Depth 21,800
TVD 9,615

ntengible Coats	205 206 209 210										
- Onling Overhead - Daywork Contract - Daywork Contract - Directional Directives - Fuel & Power - Water - Bits - Mud & Chemicals - Cement Surface - Cement Intermed - Proof- Jail Int Cmt - Float Equipment & Centralzers - Cing Crews & Equip	206 209 210			\$ 108.00	1 an ar		_				
-Daywork Contract -Darectional Drig Services -Fuel & Power -Water -Water -Water -Bats -Mud & Chemicals -Cement Surface -Cement Intermed -Prod-2 and Int Crnt -Float Equipment & Centralazers -Cog Crews & Equip	209 210		ļ <u> </u>							8 -	\$ 106,0
Directional Drig Services Fuel & Power Water Bits Mud & Chemicals -Cement Surface -Cement Intermed -Prod-2nd Int Cmt -Float Equipment & Centraluers -Cag Crews & Equip	210			\$ 8,00	10.00		- 1			\$ ·	\$ 8.0
Directional Drig Services Fuel & Power Water Bits Mud & Chemicals -Cement Surface -Cement Intermed -Prod-2 and Int Cmt -Float Equipment & Centralizers -Cag Crews & Equip	210			\$ 574,00	on or						\$ 574,0
Fuel & Power Water Water Bits Mud & Chemicals Cement Surface Cement Intermed Prod-2nd Int Cmt Float Equipment & Centralizers Cug Crews & Equip							_				
Water Bits Mud & Chemicals Cement Surface Cement Intermed Proot-2nd Int Cmt Float Equipment & Centralizers Csg Crews & Equip	****			\$ 306,00							\$ 306.0
Water Bits Mud & Chemicals Cement Surface Cement Intermed Proot-2nd Int Cmt Float Equipment & Centralizers Csg Crews & Equip	211		1	\$ 99.00	00.00 T					\$ -	\$ 99,0
Bits Mud & Chemicals Cement Surface Cement Intermed Proof-2nd Int Crnt Float Equipment & Centralizers Csg Crews & Equip	212			\$ 84,00			$\overline{}$			\$	\$ 84.0
Mud & Chemicals Cement Surface Cement Intermed Prod-2nd Int Crnt Float Equipment & Centralizers Csg Crews & Equip											
Cement Surface Cement Intermed Prod-2nd Int Crnt Float Equipment & Centralizers Csg Crews & Equip	213		1	\$ 108.00	0.00		- 1			\$ -	\$ 106,0
Cement Surface Cement Intermed Prod-2nd Int Crnt Float Equipment & Centralizers Csg Crews & Equip	214			\$ 216.00	90.00					S -	\$ 216,0
Cement Intermed Prod-2nd Int Crnt Float Equipment & Centralizers Csg Crews & Equip							_				
Prod-2nd Int Crnt Float Equipment & Centralizers Csg Crews & Equip	217			\$ 22,00						\$ -	\$ 22.0
Prod-2nd Int Crnt Float Equipment & Centralizers Csg Crews & Equip	218			\$ 83.00	0.00						\$ 83,0
Float Equipment & Centralizers Csg Crews & Equip	219			\$ 122.00			_				
Csg Crews & Equip							_				
	221			\$ 67,00	1 00.00					\$	\$ 67.0
	222			\$ 72.00	00 00					\$ -	\$ 72,0
							_				
Contract Labor	225			\$ 8.00	00.00					S -	\$ 8.0
Company Sprvsn	226			\$ 48,00	0.00					\$	\$ 48.0
Contract Sprvsn	227			\$ 120.00			_			\$ -	
Tstg Csg/Tbg	228			\$ 45,00						\$ ·	\$ 45.0
Mud Logging Unit	229			\$ 45,00	00 00		$\neg$			\$ -	\$ 45,0
Rentals-Surface	235			\$ 187.00						<u> </u>	\$ 187,0
Rentals-Subsrfc	236		1	\$ 67,00	00.00		1			\$ .	\$ 87.0
Trucking/Forklift/Rig Mob	237			\$ 178,00	00.00					\$ -	\$ 178.0
Welding Services	238				0.00					- 2	\$ 4.0
Contingency	243			\$ 67,00	0.00					\$ .	\$ 67.0
Envromtl/Cisd Loop	244			\$ 293.00			$\overline{}$				
				ø 283.00	$\rightarrow$		$\rightarrow$			\$ -	\$ 293.0
Wellbare Frac Prep	304			_		\$ 118,000.	0			S -	\$ 116,0
Lctn/Prts/Roads	305				_	\$ 13,000.	0 1			\$ .	\$ 13.0
Completion OH	306					\$ 19,000.					\$ 19,0
Frac Equipment	307				T	\$ 794,000.	0			S .	\$ 794,0
Frac Chemicals	308					\$ 504,000.				3 -	\$ 504.0
Frac Proppant	309				1	\$ 229,000.	0 [			\$ -	\$ 229.0
Frac Proppant Transportation	310					\$ 355,000.				S .	\$ 355,0
Fuel Delivery & Services	311					\$ 51,000.				\$ .	\$ 51.0
Water	312					\$ 330,000.	0 1				\$ 336,0
Frac Surface Rentals	315					\$ 317,000.					
										s .	
Contract Labor	325		1	I	- 1	\$ 13,000.	0			S .	\$ 13.0
Company Sprvsn	326					\$ 13,000.	r.			\$ .	\$ 13.0
				_							
Contract Sprvsn	327					\$ 169,000.	0 [			-	\$ 169,0
Artificial Lift Install	329				$\neg$	\$ 55,000.	0			S -	\$ 55.0
	331		$\leftarrow$								
Perf/Wireline Svc						\$ 390,000.				\$ -	\$ 390.0
Trucking/Forkldt/flig Mob	337		1	I		\$ 13,000.	0				\$ 13,0
Water Disposal	339					\$ 49,000.	<u> </u>			5 -	\$ 49.0
Contingency	343		1			\$ 91,000				\$ -	\$ 91.0
Dyed Diesel	345				$\neg$	\$ 190,000.	0			S -	\$ 190,0
			$\overline{}$								
Drillout	346		<u></u>			\$ 382,000.	0			S -	\$ 362,0
- Damages/Right of Way	351		1	ı	- 1		\$	2.000.00		S -	\$ 2.0
-Location/Pits/Roads	353				$\neg$		\$	34,000.00	-	\$ .	\$ 34,0
			$\leftarrow$		-						
-Contract Labor	356		1				\$	180,000.00	l!	[S -	\$ 180,0
Q-Contract Labor	374	1			- 1		-		\$ 39,000.00	\$	\$ 39,0
EQ-Water Disposal	387			_	$\rightarrow$		_				
					$\rightarrow$				\$ 179,000.00		\$ 179,0
EQ-HRZ Well Offset Frac	391		4						\$ 18,000.00	S - 1	\$ 18,0
otal Intangible Costs	THE R. P. LEWIS CO., LANSING	S Published to the	Andreas 9.	\$ 2047.04	000	\$ 4,079,000.	0 8	215,000.00	\$ 236,000.00	A PRINCIPAL NAME OF TAXABLE PARTY.	
NIE HILLIAND COOKS				4 2,001,00	1 00.0	4 4/012/00A	9   9	210,000.00	230,000.00		3 7,478,0
			See								
ingible Costs	AG miles	WYST STATE OF	STATE OF THE PARTY		- Paris 12	cile secretary	vortage and	orthodoxina venue	THE RESERVE OF THE PARTY OF THE	THE PART OF THE PART OF THE PART OF	
	202				-		_		¢	14	
Q-Flowback Crews & Equip	392								\$ 108,000.00		\$ 108,0
Surface Casing	401		1	\$ 24.00	0.00					S .	\$ 24.0
	402			\$ 184,00			_				
Intermed Csg			<del></del>				-			\$ ·	\$ 184.0
Production Caung/Liner	403		1	\$ 457.00	10.00					\$ -	\$ 457,0
Welihead Equip	405			\$ 84.00			1				
				04.00			-				
obing	504					\$ 63,000				[ S -	\$ 63,0
Wellhead Equip	505					\$ 34,000	0			\$ .	\$ 34.0
								£0.000.00			
Tanks	510				1		\$	58,000.00		<u> </u>	\$ 58,0
Flowlines/Pipelines	511		1				\$	26,000.00		5 -	\$ 26.0
	512			1	$\rightarrow$		\$	185.000.00			
			<del></del>		_						\$ 185.0
Hts Trte/Seprtr	513				Г	Validad	\$	114,000.00		5 -	\$ 114,0
Hts Trte/Seprtr	514				_	\$ 79,000				5 .	\$ 79.0
Htr Trtr/Seprtr Electrical System/Equipment			<del></del>	-		v (18,000)		******			
Htr Trtr/Seprtr -Electrical System/Equipment Pckrs/Anchors/Hgrs	515						\$	192,000.00		§ -	\$ 192,0
Htr Trtr/Seprtr - Electrical System/Equipment - Pckrs/Anchors/Hgrs - Couplings/Fittings/Valves	****		1				\$	26,000.00		s .	\$ 26.0
Htr Trtr/Seprtr - Electrical System/Equipment - Pckrs/Anchors/Hgrs - Couplings/Fittings/Valves	5231			1	-			20,000.00			
Htr Trtr/Seprtr Electrical System/Equipment Okrs/Anchors/Hgrs Couplings/Fittings/Valves Pumps-Surface	521				_		\$				\$ 20.0
Ntr Trtr/Seprtr Electrical System/Equipment ckrs/Anchors/Ners Couplings/Fritings/Valves Pumps-Surface Instrumentation/SCADA/POC	522						5	20,000.00		\$	\$ 20.0
Htr Trtr/Seprtr Electrical System/Equipment ckrs/Anchors/Hgrs Couplings/Fittings/Valves Pumps-Surface Instrumentation/SCADA/PDC Miscellaneous							\$	26,000.00			\$ 26,0
Ntr Trtr/Seprtr Electrical System/Equipment ckrs/Anchors/Hgrs Couplings/Fittings/Valves Pumps-Surface Instrumentation/SCADA/POC Miscellaneous	522 523				$\rightarrow$		_				
NU Trtr/Septrt  Electrical System/Equipment ckers/Anchors/Higrs Couplings/Fittings/Valves Pumps-Surface Instrumentation/SCADA/POC Miscellaneous Meters/facts	522 523 525						\$	31,000,00		S -	\$ 31.0
NU Trtt/Septr  Electrical System/Equipment ckry/Anchors/Hgrs Couplings/Fittings/Valves Pumps-Surface Instrumentation/SCADA/POC Miscellaneous Meten/Lacts Flares/Combusters/Emission	522 523 525 526					A 44 555	0			\$ 20	\$ 31.0
Ntr Trtr/Seprtr  Clectrical System/Equipment ckry/Anchory/Hgrs  Couplings/Fittings/Valves  Pumps-Surface  Instrumentation/SCADA/POC  Miscellaneous  Meten/Lacts  Flares/Combusters/Emission	522 523 525 526			-		31.0000	_				
Mir Tris/Septir Clectrical System/Equipment Chry/Anchon/Mgrs Couplings/Fittings/Valves Pumps-Surface Instrumentation/SCADA/POC Miscellaneous Meters/Lucts Flares/Combusters/Emission as Linf/Compression	522 523 525 526 527				$\rightarrow$	\$ 31,000	- 1		8 98 800 00		
NU Trit/Septr Electrical System/Equipment cker/Anchon/Pigrs Coupings/Ertings/Valves Pumps-Surface Instrumentation/SCADA/PDC Miscellaneous Meter/Lucts Flares/Combusters/Emisson ias Lif/Compression	522 523 525 526 527 531								\$ 39,000.00	S -	\$ 39,0
-Net Tett/SeptrElectrical System/Equipment -Electrical System/Equipment -Eury System/Equipment -Eury System -Eury System -Eury System -Instrumentatium/SCADA/PDC -Miscellaneous -Meleruf/Luck -Electric Combusteruft mission -Eury System -Eury System -Eury System -Electric Computer System -Electric Comp	522 523 525 526 527 531		3	\$ 749,00			0 8 0	690,000,00		S -	\$ 39,0
-Mtr Trtr/Septrt -Electrical System/Equipment -Electrical System/Equipment -Electrical System/Equipment -Electrical System/Equipment -Electrical System -Electrical S	522 523 525 526 527 531		5	\$ 749,00			0 \$	600,000.00		S -	\$ 39,0
-Net Trtt/Septrt -(Electrical System/Equipment Pokri/Anchors/Ngrs -(Couplings/Frttongs/Valves -Pumps-Surface -Instrumentation/SCADA/POC -Miscellaneous -Meterr/Lucts -Plares/Combusters/Emission Sas Lift/Compression Q-Wellhead Equipment fall Tanglible Costs	522 523 525 526 527 531				0.00	\$ 207,000.			\$ 147,000.00	\$	\$ 39,0
-Net Trtt/Septrt -(Electrical System/Equipment Pokri/Anchors/Ngrs -(Couplings/Frttongs/Valves -Pumps-Surface -Instrumentation/SCADA/POC -Miscellaneous -Meterr/Lucts -Plares/Combusters/Emission Sas Lift/Compression Q-Wellhead Equipment fall Tanglible Costs	522 523 525 526 527 531				0.00	\$ 207,000.			\$ 147,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
-Net Tett/Septr	522 523 525 526 527 531	Killer in	i eurouri		0.00			898,000.00 914,000.00	\$ 147,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
-Net Tett/Septr	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.			\$ 147,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
-Net Trtt/Septrt -Electrial System/Equipment -Electrial System/Equipment -Electrial System/Equipment -Electrial System/Equipment -Electrial System/Equipment -Electrial System -Electrial System -Electrial System -Electrial -Electria	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.			\$ 147,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
-Net Trtt/Septrt -(slectrical System/Equipment -(clectrical System/Equipment -(clectrical System/Equipment -(clectrical System/Equipment -(couplings/Erttings/Valves -(couplings/Erttings/Valves -(couplings/Erttings/Valves -(couplings-(couplings) -(couplings-(couplings) -(couplings) -(couplin	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.			\$ 147,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
-Net Trtt/Septrt -(slectrical System/Equipment -(clectrical System/Equipment -(clectrical System/Equipment -(clectrical System/Equipment -(couplings/Erttings/Valves -(couplings/Erttings/Valves -(couplings/Erttings/Valves -(couplings-(couplings) -(couplings-(couplings) -(couplings) -(couplin	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.			\$ 147,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
HAT Trt/Septr -Electrical System/Equipment Pcks/Anchors/Mgrs -Couplings/Fittings/Valves -Pumps-Surface -Instrumentation/SCADA/POC -Miscellaneous -Meters/Lucts -Flares/Combusters/Emission Gas Lift/Compression Q-Wellhead Equipment Mat Tanglote Costs  Mat Gross Cost  Mat Gross Cost  Visi Gross Cost  Visi Operating LLC	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.	0   \$	914,600.00	\$ 147,000.00 \$ 383,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
-Net Trt/Septr -Electrical System/Equipment Pcksr/Anchors/Mgrs -Couplings/Fittings/Valves -Pumps-Surface -Instrumentation/SCADA/POC -Miscellaneous -Miscellaneous -Flares/Combusters/Emission Gas Litt/Compression Q-Wellhead Equipment Rail Tarigible Costs -Ital Gross Cost -Ital Gross Cost -Ital Gross Cost -Ital Gross Cost -Ital Caross Co	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.	0   \$	914,600.00	\$ 147,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
HAT Trt/Septr -Electrical System/Equipment Pcks/Anchors/Mgrs -Couplings/Fittings/Valves -Pumps-Surface -Instrumentation/SCADA/POC -Miscellaneous -Meters/Lucts -Flares/Combusters/Emission Gas Lift/Compression Q-Wellhead Equipment Mat Tanglote Costs  Mat Gross Cost  Mat Gross Cost  Visi Gross Cost  Visi Operating LLC	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.	0   \$	914,600.00	\$ 147,000.00 \$ 383,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
HAT Trt/Septr -Electrical System/Equipment Pcks/Anchors/Mgrs -Couplings/Fittings/Valves -Pumps-Surface -Instrumentation/SCADA/POC -Miscellaneous -Meters/Lucts -Flares/Combusters/Emission Gas Lift/Compression Q-Wellhead Equipment Mat Tanglote Costs  Mat Gross Cost  Mat Gross Cost  Visi Gross Cost  Visi Operating LLC	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.	0 \$	914,000.00	\$ 147,000.00 \$ 383,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
-Net Tett/SeptrElectrical System/Equipment -Electrical System/Equipment -Electrical System/Equipment -Electrical System/Equipment -Electrical System-Electrical -Instrumentation/SCADA/PDC -Mincellaneous -Meter/Locts -Electrical -El	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.	0 \$	914,600.00	\$ 147,000.00 \$ 383,000.00	\$ . 8	\$ 39.0 \$ 1,891,0
NEU Trit/Septrt  Electrical System/Equipment  cknr/Anchory/Hgrs  Couplings/Entings/Valves  Pumps-Surface  Instrumentation/SCADA/PDC  Miscellaneous  Meters/Lacts  Meters/Lacts  Selare/Combusters/Emission  as Lit/Compessesion  Q-Weilhead Equipment  tal Tangible Costs  tal Gross Cost  tal Tros Bove costs are estimat  G Operating LLC	522 523 525 526 527 531	Killer in	i eurouri		0.00	\$ 207,000.	0 \$	914,000.00	\$ 147,000.00 \$ 383,000.00	\$ . 8	\$ 39.0 \$ 1,891,0

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 POTATO BABY STATE COM 706H
8HL 34: 380 FSL, 1325 FWL, or Lot 2
BHL 22: 200 FML, 550 FWL, or Unit D
Formation WOLFCAMP
Legal 22, 27, 34, T265-R28E
AFE Numbera

Company: By: Prospect ATLAS 2628
State & County NEW MEXICO, EDDY
Objective Drill & COMPLETE
Depth 21,860
TVD 9,605

cost Description	Code Prespud	(P8) Pre-Set Casing(PC	C)   Drilling (DR)	Completions (C)	Tank Bitty Construtt(TB)	Propa Equip (PEQ)	Revision	Station Strongers
-Lctn/Prts/Roads	205	Name and Address of the Owner, where the Person of the Owner, where the Owner, which is th	\$ 108,000.00					\$ 108,000
	206							
- Drilling Overhead								\$ 8,000
- Daywork Contract	209							5 574.000
-Directional Drlg Services	210		\$ 308,000.00					\$ 306,000
-Fuel & Power	211		\$ 99,000.00				5 -	\$ 99,000
-Water	212		\$ 84,000.00				\$	\$ 84,000
-Brts	213		5 108,000.00			<u> </u>	3	\$ 108,000
-Mud & Chemicals	214		\$ 216,000.00	<u> </u>				\$ 218,000
-Cement Surface	217		\$ 22,000.00					\$ 22,000
	218			_				
-Cement Intermed								\$ 63,000
-Prod-2nd Int Cmt	219		\$ 122,000.00					\$ 122,000
-Float Equipment & Centralizers	221		\$ 87,000.00				\$ 40	\$ 67,000
-Csg Crews & Equip	222		\$ 72,000.00	l			5	\$ 72,000
-Contract Labor	225		\$ 8,000.00				\$ 40	\$ 8,000
-Company Sprvsn	226		\$ 48,000.00					\$ 48.000
-Contract Sprvsn	227		\$ 120,000.00		1			\$ 120,000
	228		\$ 45,000.00	-				
-Tstg Csg/Tog								\$ 45,000
-Mud Logging Unit	229	-	\$ 45,000.00					\$ 45,000
)-Rentals-Surface	235		\$ 187,000.00					\$ 187,000
-Rentals-Subsric	336		\$ 87,000.00				[\$ - [	\$ 87,000
7-Trucking/Forklift/Rig Mob	237		\$ 178,000.00	1			\$ -	\$ 178,000
-Welding Services	238		\$ 4,000.00	1				\$ 4,000
-Contingency	243		\$ 87,000.00					\$ 67,000
-Envenmet/Clad Loop	244	$\overline{}$	\$ 293.000.00					\$ 293,000
	304	$\overline{}$	200.000.00	\$ 116,000,00				
-Wellbore Frac Prep		<del></del>	+					\$ 118,000
-Lctn/Pits/Roads	305			\$ 13,000.00			•	\$ 13,000
-Completion OH	306			\$ 19,000.00				\$ 19.000
-Frac Equipment	307			\$ 794,000.00			5 -	\$ 794,000
-Frac Chemicals	308		1	\$ 504,000.00				\$ 504,000
-Frac Proppant	309	$\overline{}$		\$ 229,000.00				5 229,000
-Frac Proppant Transportation	310		1	\$ 355,000.00				\$ 355,000
		<del></del>	+					
-Fuel Delivery & Services	311		+	\$ 51,000.00				\$ 51,000
-Water	312			\$ 336,000.00				\$ 338,000
-Frac Surface Rentals	315			\$ 317,000.00				\$ 317,000
-Contract Labor	325		i -	\$ 13,000.00			\$ -	\$ 13,000
-Company Sprvsn	326			\$ 13,000.00			\$ -	\$ 13,000
-Contract Sprvsn	327		_	\$ 169,000.00				\$ 169,000
-Artificial Lift Install	329		+	\$ 55,000.00				\$ 55,000
			_				\$	
-Perf/Wireline Svc	331			\$ 390,000.00				\$ 390,000
-Trucking/Forklift/Rig Mob	337			\$ 13,000.00	1		5 %	\$ 13,000
-Water Disposal	339		1	\$ 49,000.00			[ \$ - ]	\$ 49,000
-Contingency	343		1	\$ 91,000.00			\$ -	\$ 91.000
-Dyed Diesel	345			\$ 190,000.00				\$ 190,000
-Onflout	346			\$ 362,000.00				\$ 362.000
6-Damages/Right of Way	351		+	002,000.00	\$ 2,000.00			\$ 2.000
B-Location/Pits/Roads	353	<del></del>			\$ 34,000.00			\$ 34,000
8-Contract Labor	356				\$ 180,000,00			\$ 180,000
EQ-Contract Labor	374		_l	1		\$ 39,000.00	[8 - ]	\$ 39,000
EQ-Water Disposal	387	1		I		\$ 179,000.00	5 -	\$ 179,000
EQ-HRZ Well Offset Frac	391		1			\$ 18,000.00	3	\$ 18,000
otal Intangible Costs		· III & PROST OFFICE OF	8 2 047 000 00	\$ 4,079,000.00	\$ 218,000.00	\$ 236,000.00		\$ 7,478,000
Comp (incomingable Code)			9 2,001,000.00	4 4/014/400-00	210,000.00	230,000.00		9 1,419,000
angible Costs								
EC Claushack Course & Causin	mail in Expression in	ETITY/THEST BY	the later was a	- 100	The state of the s	CONTRACTOR OF STREET	STATE OF THE VOICE IN	THE RESERVE AND ADDRESS.
EQ-Flowback Crews & Equip	392	E III 72 III KK W	The state of the s			\$ 108,000.00		\$ 106.000
	392 401	THE PROPERTY AND	\$ 24,000.00			\$ 108.000.00		\$ 108.000 \$ 24.000
)-Surface Casing		Senting property and the sent of the sent	\$ 24,000.00 \$ 184,000.00			\$ 108.000.00	S .	\$ 24,000
9-Surface Casing 9-Intermed Csg	401 402		\$ 184,000.00			\$ 108,000.00	\$ .	\$ 24,000 \$ 184,000
D-Surface Casing D-Intermed Csg D-Production Casing/Liner	401 402 403		\$ 184,000.00 \$ 457,000.00			\$ 108,000.00	\$ . \$ .	\$ 24,000 \$ 184,000 \$ 457,000
O-Surface Casing O-Intermed Csg O-Production Casing/Liner O-Wellhead Equip	401 402 403 405		\$ 184,000.00			\$ 108,000.00	\$ - \$ - \$ -	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000
-Surface Casing -Intermed Csg -Production Casing/Liner -Wellhead Equip -Tubing	401 402 403 405 504		\$ 184,000.00 \$ 457,000.00	\$ 63,000.00		\$ 108,000.00	\$ . \$ . \$ . \$ .	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 63,000
-Surface Casing -Intermed Csg -Production Casing/Liner -Wellhead Equip -Tubing -Wellhead Equip	401 402 403 405 504 505		\$ 184,000.00 \$ 457,000.00	\$ 63,000.00 \$ 34,000.00		\$ 108,000.00	\$ . \$ . \$ . \$ . \$ .	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 63,000 \$ 34,000
- Surface Casing - Intermed Csg - Production Casing/Liner - Wellhead Equip - Tubing - Wellhead Equip - B-Tanks	401 402 403 405 504 505 510		\$ 184,000.00 \$ 457,000.00		\$ 58,000.00	\$ 108.000.00	\$ . \$ . \$ . \$ .	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 63,000
- Surface Casing - Intermed Csg - Production Casing/Liner - Wellhead Equip - Tubing - Wellhead Equip - B-Tanks	401 402 403 405 504 505		\$ 184,000.00 \$ 457,000.00		\$ 58,000.00	\$ 108.000.00	\$ - \$ - \$ - \$ - \$ - \$ -	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 63,000 \$ 34,000
- Surface Casing - Intermed Ctg - Production Casing/Uner - Wellhead Equip - Tubing - Wellhead Equip - Branks - B- Flanks - B- Flowlines/Pypekines	401 402 403 405 504 505 510		\$ 184,000.00 \$ 457,000.00			\$ 108,000,00	\$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 53,000 \$ 34,000 \$ 58,000 \$ 58,000
> Surface Casing > Intermed Cig > Intermed Cig > Production Casing/Liner > Wellhead Equip - Tubing - Wellhead Equip - Tubing - Wellhead Equip - B-Tanks - B-Tanks - B-Harks - B-Harks - B-Harks - B-Harks - B-Harks - B-Harks	401 402 403 405 504 505 510 511 512		\$ 184,000.00 \$ 457,000.00		\$ 28,000.00 \$ 185,000.00	\$ 108.000.00	\$	\$ 24.000 \$ 184.000 \$ 457.000 \$ 84.000 \$ 63.000 \$ 34.000 \$ 58.000 \$ 26.000 \$ 185.000
-Surface Casing -Intermed Cag -Production Casing/Liner -Welthead Equip -Tubing -Welthead Equip -Tubing -Welthead Equip -Brants -Brants -Browlines/Pipakines -Brite Trat/Seprit -Bellettical System/Equipment	401 402 403 405 504 505 510 511 512 513		\$ 184,000.00 \$ 457,000.00	\$ 34,000,00	\$ 28,000.00	\$ 105,000.00	\$	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 63,000 \$ 34,000 \$ 56,000 \$ 26,000 \$ 185,000 \$ 185,000
-Surface Casing -Intermed Csg -Production Cosing/Liner -Weithead Equip -Tubing -Weithead Equip -Tubing -Weithead Equip -Tanis -B-Tanis -B-Tanis -B-Tanis -B-Tanis -B-Tanis -B-Tanins-P-Pepelines -B-Tanis -B-Tanins-P-Pepelines -Peter /Anchors/Rgrs	401 402 403 405 504 505 510 511 512 513 514		\$ 184,000.00 \$ 457,000.00		\$ 28,000,00 \$ 185,000.00 \$ 114,000.00	\$ 108,000,00	\$	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 63,000 \$ 3,4,000 \$ 56,000 \$ 185,000 \$ 185,000 \$ 195,000 \$ 195,000
-Surface Casing -Intermed Csg -Intermed Csg -Production Casing/Liner -Wellhead Equip -Tubing -Wellhead Equip -Tubing -Wellhead Equip -B-Tanks -B-Tanks -B-Townines/Ppakines -B-Hist Trtt/Seprit -B-Electrical System/Equipment -Pektr/Anchors/Ngrs -B-Couplings/Fittings/Valves	401 402 403 405 504 505 510 511 512 513 514 515		\$ 184,000.00 \$ 457,000.00	\$ 34,000,00	\$ 28,000.60 \$ 185,000.00 \$ 114,000.00 \$ 192,000.00	\$ 108,000.00	\$	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 63,000 \$ 58,000 \$ 58,000 \$ 185,000 \$ 114,000 \$ 70,000 \$ 192,000
-Surface Casing -Intermed Cag -Production Casing/Liner -Wrelinead Equip -Tubing -Wrelinead Equip -Tubing -Wrelinead Equip -B-Tanks -B-Townines/Prpekines -B-Tanks -B-Townines/Prpekines -B-Tanks	401 402 403 405 504 505 510 511 512 513 514 514 515 521		\$ 184,000.00 \$ 457,000.00	\$ 34,000,00	\$ 28,000.00 \$ 185,000.00 \$ 114,000.00 \$ 192,000.00 \$ 28,000.00	\$ 108.000.00	\$	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 33,4000 \$ 36,000 \$ 56,000 \$ 165,000 \$ 170,000 \$ 770,000 \$ 192,000 \$ 220,000
-Surface Casing -Intermed Cag -Intermed Cag -Intermed Cag -Production Casing/Liner -Weilhead Equip -Inbing -Weilhead Equip -Inbing -Weilhead Equip -Inbing -Weilhead Equip -Individual Equip -In	401 402 403 405 504 505 510 511 512 513 514 515		\$ 184,000.00 \$ 457,000.00	\$ 34,000,00	\$ 28,000.00 \$ 185,000.00 \$ 114,000.00 \$ 192,000.00 \$ 26,000.00 \$ 20,000.00	\$ 108,000.00	\$	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 63,000 \$ 58,000 \$ 58,000 \$ 185,000 \$ 114,000 \$ 70,000 \$ 192,000
-Surface Casing -Intermed Csg -Intermed Csg -Production Casing/Liner -Wellhead Equip -Tubing -Wellhead Equip -B-Tanks -B-Tanks -B-Townines/P-pakines -B-Har Tret/Sepert -B-Electrical System/Equipment -Pekirs/Anchoriv/Ngrs -B-Couplings/Fittings/Valves	401 402 403 405 504 505 510 511 512 513 514 514 515 521		\$ 184,000.00 \$ 457,000.00	\$ 34,000,00	\$ 28,000.00 \$ 185,000.00 \$ 114,000.00 \$ 192,000.00 \$ 28,000.00	\$ 108.000.00	\$	\$ 24,000 \$ 184,000 \$ 457,000 \$ 84,000 \$ 53,000 \$ 3,000 \$ 22,000 \$ 185,000 \$ 114,000 \$ 70,000 \$ 192,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 30,000 \$ 30,000
-Surface Casing Intermed Ctg Production Casing/Liner	401 402 403 405 504 505 510 511 512 513 514 515 521 522 523		\$ 184,000.00 \$ 457,000.00	\$ 34,000,00	\$ 28,000.00 \$ 185,000.00 \$ 114,000.00 \$ 192,000.00 \$ 28,000.00 \$ 20,000.00 \$ 20,000.00	\$ 108,000.00	\$ - 3 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5	\$ 24,000 \$ 164,000 \$ 457,000 \$ 5,000 \$ 34,000 \$ 34,000 \$ 36,000 \$ 165,000 \$ 165,000 \$ 114,000 \$ 79,000 \$ 192,000 \$ 20,000 \$ 20,00
-Surface Casing -Intermed Csg -Intermed Csg -Intermed Csg -Intermed Csg -Intermed Equip -Tubing -Tubing -Trains -Train	401 402 403 405 504 505 510 511 512 513 514 515 521 522 523 525		\$ 184,000.00 \$ 457,000.00	\$ 34,000,00	\$ 26,000.00 \$ 185,000.00 \$ 114,000.00 \$ 192,000.00 \$ 26,000.00 \$ 20,000.00 \$ 20,000.00 \$ 20,000.00	\$ 108,000,00	\$	\$ 24,000 \$ 164,000 \$ 65,000 \$ 63,000 \$ 5,000 \$ 165,000 \$ 26,000 \$ 115,000 \$ 70,000 \$ 170,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 30,000 \$ 30,000
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This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

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

APPLICATION OF COG OPERATING LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-21102-A EDDY COUNTY, NEW MEXICO.

> CASE NO. 21525 ORDER NO. R-21102-A (Re-Open)

#### **AFFIDAVIT**

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

Michael Rodriguez, attorney and authorized representative of COG Operating LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application were provided under the notice letter and proof of receipts attached hereto.

Michael Rodriguez

SUBSCRIBED AND SWORN to before me this 3<sup>rd</sup> day of November 2020 by Michael Rodriguez.

OFFICIAL SEM.
LISAMARIE ORTIZ
NOTARY PUBLIC-STATE OF NEW MEXICO

Notary Public

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Case No. 21525 Exhibit No. B
Submitted by:

COG OPERATING LLC
Hearing Date: November 5, 2020



October 16, 2020

## VIA CERTIFIED MAIL CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Case No. 21525: Application of COG Operating LLC

to Pool Additional Interest Owners Under Order No. R-21102-A

Eddy County, New Mexico.

Potato Baby State Com Wells

#### Ladies & Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on November 5, 2020, and the status of the hearing can be monitored through the Division's website at <a href="http://www.emnrd.state.nm.us/ocd/">http://www.emnrd.state.nm.us/ocd/</a>. 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.

During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, please see the instructions posted on the OCD Hearings website: <a href="http://www.emnrd.state.nm.us/OCD/announcements.html">http://www.emnrd.state.nm.us/OCD/announcements.html</a>.

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 Lizzy Laufer, at (432) 221-0470 or elaufer@concho.com.

Sill cicry,

Michael Rodriguez

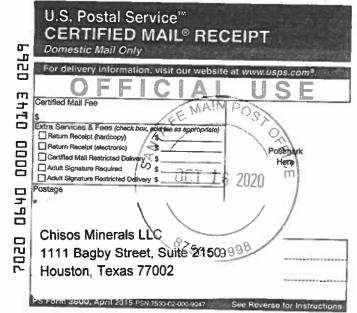
ATTORNEY FOR COG OPERATING LLC

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#### U.S. Postal Service™ CERTIFIED MAIL® RECEIPT 0350 Domestic Mail Only For delivery information, visit our website at www.usps.com\*. Certified Mail Fee 014 Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) 0000 Return Receipt (electronic) \$ | Certified Mail Restricted Definer \$ | Adult Signature Required \$ | Adult Signature Restricted Defivery \$ Postmat 0640 Postage Marguerite Fort Burns SSP 501-9398 7020 12711 Colorado Blvd E #505 Thornton, Colorado 80241 PS Form 3800, April 2015 PSN 7530-02-000-9047

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#### U.S. Postal Service™ **CERTIFIED MAIL® RECEIPT** 14ED Domestic Mail Only For delivery information, visit our website at www.usps.com®. Certified Mail Fee 170 Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) 0000 Return Receipt (electronic) Certified Mail Restricted Delivery Here Adult Signature Required Adult Signature Restricted Delivery \$ 0640 Ricky D. Raindl 7020 Post Office Box 142454 Irving, Texas 75014 PS Form 3800, April 2015 PSN 7530-02-000-9047

90	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL® RECEIPT  Domestic Mail Only
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## Affidavit of Publication Ad # 0004427133 This is not an invoice

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SANTA FE, NM 87501

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

10/21/2020

Legal Clerk

Subscribed and sworn before me this October 21,

2020:

State of WI, County of Brown
NOTARY PUBLIC

My commission expires

Ad # 0004427133 PO #: # of Affidavits1

This is not an invoice

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on November 5, 2020. During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by October 26, 2020. Public documents, including the agenda and minutes, can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us/OCD/. Please contact Ms. Davidson if a summary or other type of accessible form is needed.

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

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

To: All interested parties, including: The Allar Company; EG3 Development LLC; Tap Rock Resources LLC; Ricky D. Raindl; Buckhorn Minerals IV, LP; Marguerite Fort Burns SSP; OXY USA Inc.; Delaware Ranch, Inc.; Ellen Ryan; Lee M. Kugle; Map2009-OK; Chisos Minerals LLC; Franco Nevada Texas. LP.

Case No. 21525: Application of COG Operating LLC to pool additional interest owners under Order No. R-21102-A, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order for the limited purpose of pooling additional unleased mineral interest owners under the terms of Division Order No. R-21102-A. The Division entered Order No. R-21102 in Case No. 20935 on February 12, 2020, which created a 767.52-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Sections 22 and 27, and the N/2 NW/4 and Lots 1-2 (W/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico ("Unit"), and designated COG as the operator of the Unit. Order No. R-21102 further pooled all uncommitted interests within the Purple Sage; Wolfcamp Gas Pool (Pool Code: 98220) underlying the Unit and dedicated the Unit to the Potato Baby State Com Well Nos. 704H, 705H, and 706H. The Division entered Order No. R-21102-A in Case No. 21312 on June 12, 2020, which conformed Order No. R-21102 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template). Since the entry of Order No. R-21102-A, COG has identified additional unleased mineral interest owners in the Unit that have not been pooled pursuant to the terms of Order No. R-21102. #4427133, Current Argus, October 21, 2020

NANCY HEYRMAN Notary Public State of Wisconsin