



COG OPERATING LLC
Scout State Com # 601H- 606H
Section 6-T25S-28E
Eddy County, New Mexico



**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. 21627

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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.

21627

APPLICATION

COG OPERATING LLC ("COG"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (Pool code 98220), underlying a standard 960.48-acre, more or less, horizontal spacing unit comprised of Lots 1, 2, S/2NE/4, SE/4 of Section 6, E/2 of Section 7, and E/2 of Section 18, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, COG states:

1. COG (OGRID Number 229137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. COG proposes to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells, which it proposes to drill simultaneously:

- The **Scout State Com 601H** well to be horizontally drilled from a surface hole location in Lot 1 (Unit A) of Section 6 to a bottom hole location in the SE/4SE/4 (Unit P) of Section 18,

- The **Scout State Com 602H** well to be horizontally drilled from a surface hole location in Lot 1 (Unit A) of Section 6 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 18, and
- The **Scout State Com 603H** well to be horizontally drilled from a surface hole location in Lot 2 (Unit B) of Section 6 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 18.

3. Because the proposed wells will be simultaneously drilled and completed, COG requests an extension of the 120-day period to drill and complete a well provided by the standard pooling order. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

5. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the subject spacing unit should be pooled and COG should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating COG as operator of this spacing unit and the wells to be drilled thereon;

- D. Authorizing COG to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

COG OPERATING LLC

/s/ Michael Rodriguez

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

ATTORNEYS FOR COG OPERATING LLC

CASE _____:

Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the division pooling all uncommitted interest owners in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (Pool code 98220), underlying a standard 960.48-acre, more or less, horizontal spacing unit comprised of Lots 1, 2, S/2NE/4, SE/4 of Section 6, E/2 of Section 7, and E/2 of Section 18, Township 25 South, Range 28 East, NMPM, Eddy County, New. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Scout State Com 601H** well to be horizontally drilled from a surface hole location in Lot 1 (Unit A) of Section 6 to a bottom hole location in the SE/4SE/4 (Unit P) of Section 18,
- The **Scout State Com 602H** well to be horizontally drilled from a surface hole location in Lot 1 (Unit A) of Section 6 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 18, and
- The **Scout State Com 603H** well to be horizontally drilled from a surface hole location in Lot 2 (Unit B) of Section 6 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 18.


Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 5.4 miles southwest of Malaga, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21627	APPLICANT'S RESPONSE
Date	January 7, 2021
Applicant	COG Operating LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID # 229137
Applicant's Counsel:	Ocean Munds-Dry, Michael Rodriguez
Case Title:	Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Scouts
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Purple Sage-Wolfcamp Gas Pool (Pool code 98220)
Well Location Setback Rules:	Statewide
Spacing Unit Size:	~ 960.48 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	~ 640 acres
Building Blocks:	Quarter-quarter
Orientation:	Standup
Description: TRS/County	Lots 1, 2, S/2NE/4, SE/4 of Section 6, E/2 of Section 7, and E/2 of Section 18, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Attachment B
Well(s)	
Name (API [if assigned]); Surface hole location; Bottom hole location; Completion target (TVD); Orientation, Completion status (standard or non-standard).	Attachment A
Well #1	Scout State Com 601H (API # Pending) SHL: 280 FNL, 876 FEL, Unit A, 6-25S-28E BHL: 200 FSL, 440 FEL, Unit P, 18-25S-28E Completion Target: Bone Spring formation (Approx. 9350 feet TVD)

	Completion status: Standard
Well #2	Scout State Com 602H (API # Pending) SHL: 220 FNL, 808 FEL, Unit A, 6-25S-28E BHL: 330 FSL, 1342 FEL, Unit O, 18-25S-28E Completion Target: Bone Spring formation (Approx. 9350 feet TVD) Completion status: Standard
Well #3	Scout State Com 603H (API # Pending) SHL: 310 FNL, 2635 FWL, Unit C, 6-25S-28E BHL: 200 FSL, 2244 FEL, Unit O, 18-25S-28E Completion Target: Bone Spring formation (Approx. 9350 feet TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Attachment A
Completion Target (Formation, TVD and MD)	Attachment G
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Attachment C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 3
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit 3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Attachment B
Tract List (including lease numbers and owners)	Attachment B
Pooled Parties (including ownership type)	Attachment B
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Attachment C
List of Interest Owners (ie Exhibit A of JOA)	Attachment B
Chronology of Contact with Non-Joined Working Interests	Exhibit 1
Overhead Rates in Proposal Letter	N/A
Cost Estimate to Drill and Complete	Attachment C
Cost Estimate to Equip Well	Attachment C
Cost Estimate for Production Facilities	Attachment C
Geology	
Summary (including special considerations)	Exhibit 2
Spacing Unit Schematic	Attachment D

Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit 2
Target Formation	Wolfcamp
HSU Cross Section	Attachments F and G
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Attachment A
Tracts	Attachment B
Summary of Interests, Unit Recapitulation (Tracts)	Attachment B
General Location Map (including basin)	Attachment B
Well Bore Location Map	Attachment D
Structure Contour Map - Subsea Depth	Attachment E
Cross Section Location Map (including wells)	Attachment F
Cross Section (including Landing Zone)	Attachment G
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Michael Rodriguez
Signed Name (Attorney or Party Representative):	
Date:	01/05/2021

**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. 21627

SELF-AFFIRMED STATEMENT OF LIZZY LAUFER

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.

2. I am a Landman with COG Operating LLC ("COG") and have previously testified before the New Mexico Oil Conservation Division ("Division") as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by COG in this case and familiar with the status of the lands in the subject area.

4. I do not anticipate any opposition to this case or the presentation of this case by affidavit.

5. COG seeks an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (Pool code 98220), underlying a standard 960.48-acre, more or less, horizontal spacing unit comprised of Lots 1, 2, S/2NE/4, SE/4 of Section 6, E/2 of Section 7, and E/2 of Section 18, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

6. COG proposes to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells, which it proposes to drill simultaneously:

- The **Scout State Com 601H** well to be horizontally drilled from a surface hole location in Lot 1 (Unit A) of Section 6 to a bottom hole location in the SE/4SE/4 (Unit P) of Section 18,
- The **Scout State Com 602H** well to be horizontally drilled from a surface hole location in Lot 1 (Unit A) of Section 6 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 18, and
- The **Scout State Com 603H** well to be horizontally drilled from a surface hole location in Lot 3 (Unit C) of Section 6 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 18.

7. **Attachment A** contains draft Form C-102s for the proposed wells.

8. No ownership depth severances exist within this proposed spacing unit, and there are no unleased mineral interests in the subject acreage.

9. **Attachment B** depicts the tracts of land comprising the proposed spacing unit in this case. The proposed spacing unit includes fee and state lands. It also identifies the interest ownership and interest type by tract. COG seeks to pool all uncommitted interests identified in this attachment.

10. All interest owners that COG seeks to pool are locatable. COG has conducted a diligent search of all public records in Eddy County, including phone directories and computer databases.

11. **Attachment C** contains well proposal letters and AFEs for each well provided to the working interest owners COG is seeking to pool. The costs reflected on each AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

12. In my opinion, COG has made a diligent effort to reach agreement with the non-joined parties as indicated by the following Chronology of Contact:

- 1/23/2020 – Well proposals and AFEs were sent to all uncommitted working interest owners
- 2/14/2020 – COG's proposed form of JOA and Designation of Pooled Unit sent to all working interest owners
- 2/17/2020 – Communitization Agreements mailed to all working interest and record title owners
- 2/20/20 – Present – Email communication with OXY Y-1 Company and Occidental Permian Limited Partnership regarding the planned development. Provided a breakdown of their interest in the unit as well as estimated spud dates and asked them to send proposed JOA changes
- 4/8/2020 – Ratification of Communitization Agreements sent to ORRI owners
- 8/4/2020 – EOG traded all working interest in proposed unit to COG
- 11/1/2020 – Mewbourne Oil Company traded all working interest in proposed unit to COG
- 12/1/2020 – Devon Energy Production Company L.P. traded all minerals and working interest in proposed unit to COG

13. In my opinion, COG has made a good faith effort to obtain voluntary joinder of the parties it is seeking to pool. If COG reaches an agreement with any of the parties it is seeking to pool before the Division enters an order, I will inform the Division that COG is no longer seeking to pool those parties.

14. COG has estimated the overhead and administrative costs for drilling and producing the proposed wells at \$8,000 per month while drilling and \$800 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

15. I have provided COG's legal counsel a list of names and addresses of the owners 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 the county where the proposed wells will be located in.

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

17. **Exhibit 1 and Attachments A through C** were either prepared by me, compiled under my direction and supervision, or were compiled from company business records.

18. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 17 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date indicated next to my signature below.


Lizzy Laufer

1/4/21
Date

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
911 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rue Brazos Road, 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, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name			
4 Property Code		5 Property Name SCOUT STATE COM				6 Well Number 601H	
7 OGRID No.		8 Operator Name COG OPERATING LLC				9 Elevation 3050'	

*** Surface Location**

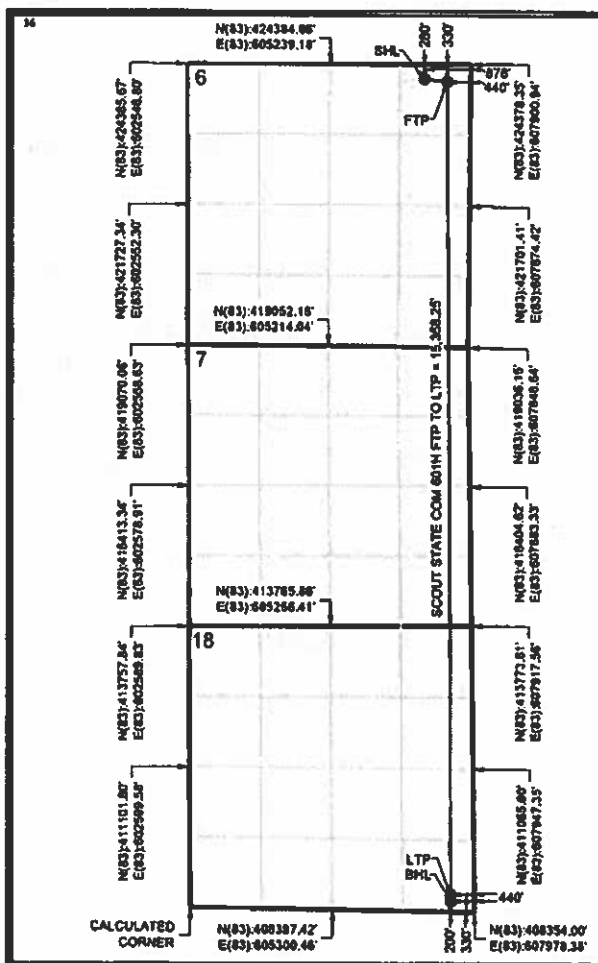
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	6	25-S	28-E		280'	NORTH	876'	EAST	EDDY

*** Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	18	25-S	28-E		200'	SOUTH	440'	EAST	EDDY

12 Dedicated Acres	13 Joint or InSD	14 Consolidation Code	15 Order No.
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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.



SURFACE HOLE LOCATION (SHL)
NEW MEXICO EAST - NAD 83
X=607022.45 LAT.= 32.16575185° N
Y=424100.26 LONG.= 104.12105568° W
280' FNL, 876' FEL - SECTION 6

FIRST TAKE POINT (FTP)
NEW MEXICO EAST - NAD 83
X=607457.66 LAT.= 32.16560820° N
Y=424048.30 LONG.= 104.11964953° W
330' FNL, 440' FEL - SECTION 6

LAST TAKE POINT (LTP)
NEW MEXICO EAST - NAD 83
X=607534.49 LAT.= 32.12339088° N
Y=408891.24 LONG.= 104.11949979° W
330' FSL, 440' FEL - SECTION 18

BOTTOM HOLE LOCATION (BHL)
NEW MEXICO EAST - NAD 83
X=607538.98 LAT.= 32.12303318° N
Y=408891.19 LONG.= 104.11949581° W
200' FSL, 440' FEL - SECTION 18

17 OPERATOR CERTIFICATION

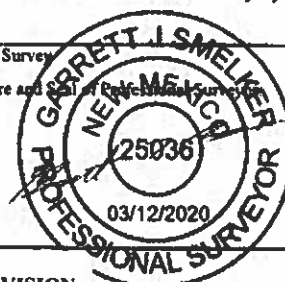
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a 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 _____

18 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

Date of Survey _____
Signature and Seal of Professional Surveyor _____



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Case No. 21627 Attachment A
Submitted by:
COG OPERATING LLC
Hearing Date: January 7, 2021

Case No. 21627 - Page 14

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 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 Road, 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

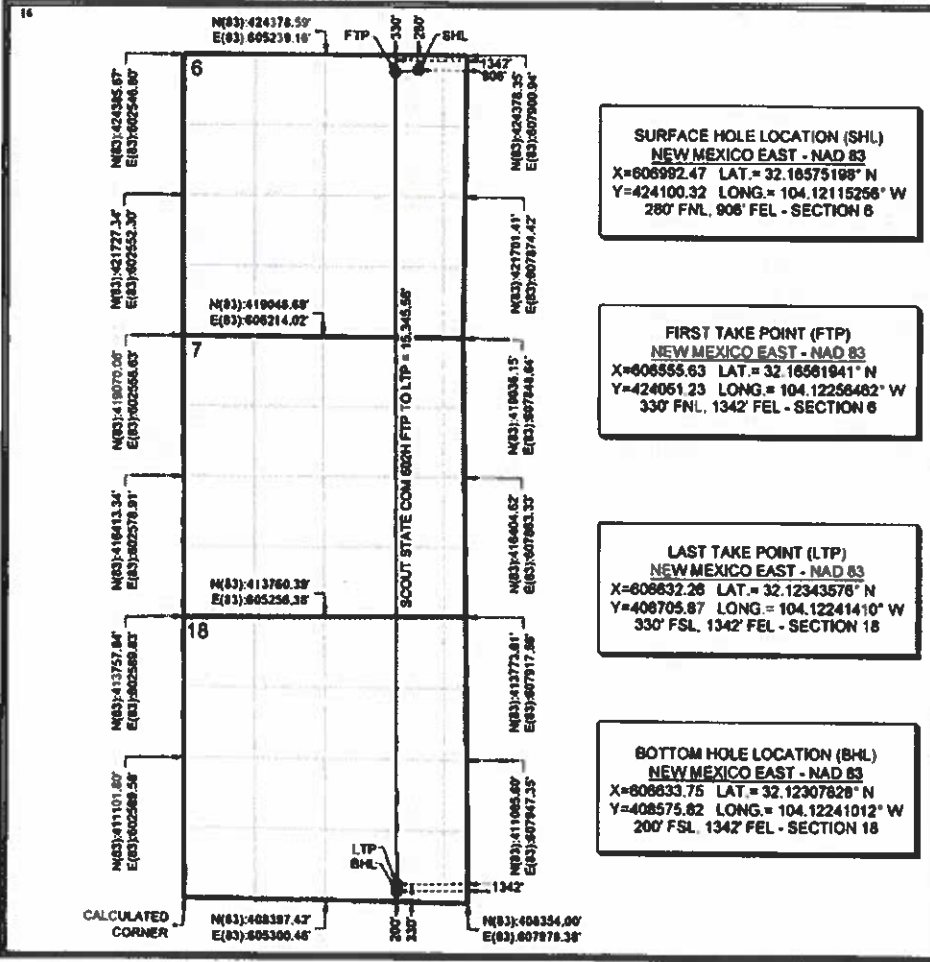
State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name SCOUT STATE COM						6 Well Number 602H	
7 OGRID No.		8 Operator Name COG OPERATING LLC						9 Elevation 3050'	
" Surface Location									
UL or lot no. A	Section 6	Township 25-S	Range 28-E	Lot Idn	Feet from the 280'	North/South line NORTH	Feet from the 906'	East/West line EAST	County EDDY
" Bottom Hole Location If Different From Surface									
UL or lot no. O	Section 18	Township 25-S	Range 28-E	Lot Idn	Feet from the 200'	North/South line SOUTH	Feet from the 1342'	East/West line EAST	County EDDY
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 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.



17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided 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 a 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 _____

18 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.

Date of Survey _____
Signature and Seal of Professional Surveyor _____
Certificate Number _____

PA GARRETT J. SMELKER
NEW MEXICO
25036
03/12/2020
PROFESSIONAL SURVEYOR

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
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Energy, Minerals & Natural Resources Department
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1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name			
4 Property Code		5 Property Name SCOUT STATE COM				6 Well Number 603H	
7 OGRID No.		8 Operator Name COG OPERATING LLC				9 Elevation 3056'	

" Surface Location

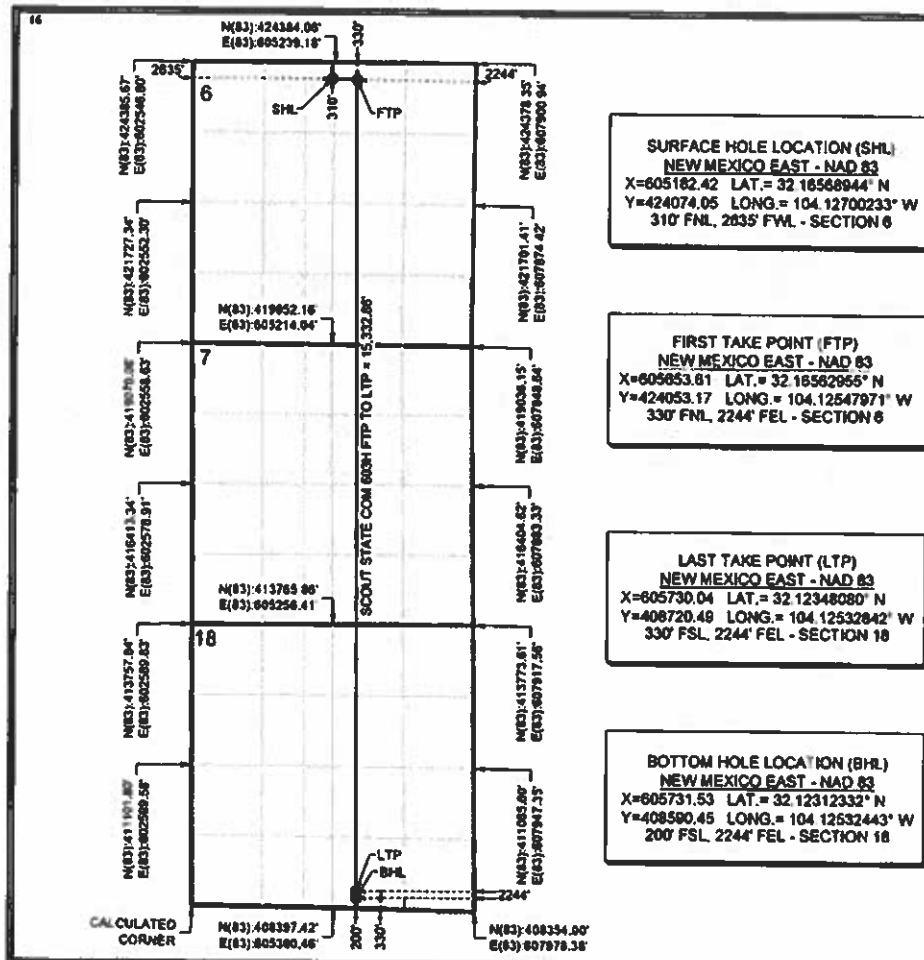
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	6	25-S	28-E		310'	NORTH	2635'	WEST	EDDY

" 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
O	18	25-S	28-E		200'	SOUTH	2244'	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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.



17 OPERATOR CERTIFICATION

I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

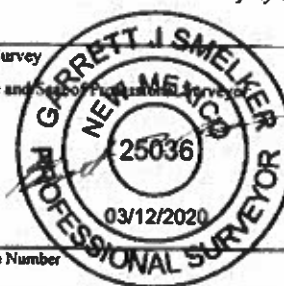
E-mail Address _____

18 SURVEYOR CERTIFICATION

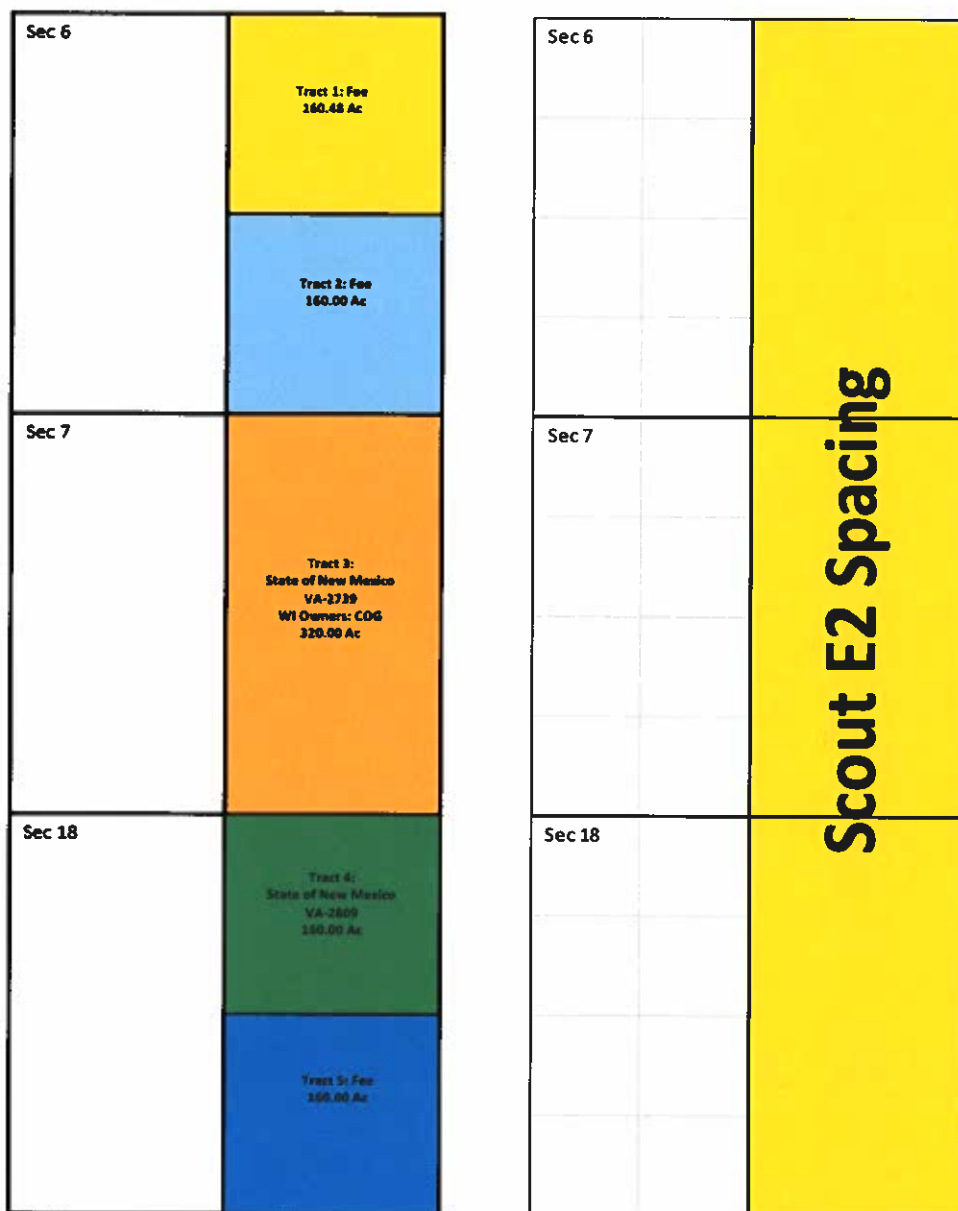
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey _____

Signature and Seal of Professional Surveyor



Certificate Number _____



Scout State Com 701H, 702H, 703H - Compulsory Pooling Info

Section 6: Lots 1-2, S2NE, SE, Section 7: E2, Section 18: E2, T2S5-R28E - Wolfcamp

Proposal Sent	YES
COM Sent	YES
DPU Sent	YES
JOA Sent	YES

Working Interest Parties:

COG Operating LLC
Concho Oil & Gas LLC
Occidental Permian LP
Oxy Y-1 Company

ORRI Parties to Pool:

Occidental Permian LP
Nestegg Energy Corporation

 Pooling

Owner	TR 1	TR 2	TR 3	TR 4	TR 5	UNIT RECAP
COG Operating LLC	14.59345785	16.65833750	33.31667500	12.05130668	10.88496219	87.50473921
Concho Oil & Gas LLC	0.00000000	0.00000000	0.00000000	0.14318258	0.18394103	0.32712360
Oxy Y-1 Company	0.00000000	0.00000000	0.00000000	0.50971747	0.50971747	1.01943495
Occidental Permian LP	2.11485466	0.00000000	0.00000000	3.95413077	5.07971681	11.14870223
					TOTAL	100.00000000

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 21627- Attachment B
Case No. 21627- Page 17

Submitted by:

COG OPERATING LLC

Hearing Date: January 7, 2021



January 23, 2020

Vio CMRRR No. 91 7199 9991 7039 7968 9442

Mewbourne Oil Company, CWM 2000-B, Ltd., Mewbourne Energy
Partners 13-A, 3MG Corporation, Mewbourne Development and
CWM 2000-B II, Ltd.

500 W. Texas Avenue, Suite 1020

Midland, TX 79701

Attn: Land Department

Re: **Scout State Com 601H – 603H**
E/2 Scout State Com Unit
Lots 1, 2, S/2 NE/4, SE/4 of Section 6, E/2 of Section 7,
and E/2 of Section 18, T25S-R28E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating, LLC ("COG"), as Operator, hereby proposes the drilling of the following horizontal wells with productive laterals located in E/2 of Sections 6, 7, and 18, Township 25 South, Range 28 East, Eddy County, New Mexico (collectively, the "Operation"). The surface pad locations will be located in Units A, B and C of Section 6, T25S-R28E (subject to change).

- **Scout State Com 601H**, to be drilled to a depth sufficient to test the Wolfcamp A Sand formation at an approximate total vertical depth of 9,350'. The surface location for this well is proposed at a legal location in Lot 1 (Unit A) of Section 6, and a bottom hole location at a legal location in Unit P of Section 18. The dedicated horizontal spacing unit will be Lots 1, 2, S/2 NE/4, SE/4 (E/2), and E/2 of Sections 7 and 18, T25S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$13, 545,000.00, as shown on the attached Authority for Expenditure ("AFE").
- **Scout State Com 602H**, to be drilled to a depth sufficient to test the Wolfcamp A Sand formation at an approximate total vertical depth of 9,350'. The surface location for this well is proposed at a legal location in Lot 1 (Unit A) of Section 6, and a bottom hole location at a legal location in Unit O of Section 18. The dedicated horizontal spacing unit will be Lots 1, 2, S/2 NE/4, SE/4 (E/2), and E/2 of Sections 7 and 18, T25S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$13, 545,000.00, as shown on the attached AFE.
- **Scout State Com 603H**, to be drilled to a depth sufficient to test the Wolfcamp A Sand formation at an approximate total vertical depth of 9,350'. The surface location for this well is proposed at a legal location in Lot 2 (Unit B) of Section 6, and a bottom hole location at a legal location in Unit O of Section 18. The dedicated horizontal spacing unit will be Lots 1, 2, S/2 NE/4, SE/4 (E/2), and E/2 of Sections 7 and 18, T25S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$13, 545,000.00, as shown on the attached AFE.

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701 |

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 21627 Attachment C
Submitted by: Case No. 21627 - Page 18

COG OPERATING LLC

Hearing Date: January 7, 2021

January 23, 2020 – Page 2
Scout State Com 601H – 603H (E/2 Unit)

COG is proposing to drill these wells under the terms of a new Operating Agreement which will be sent under separate cover.

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 II

TM:bh
Enc

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

Well Name SCOUT STATE COM 501H
SHL 6: 220 FNL, 778 FEL OR UNIT A
SHL 18: 330 FSL, 440 FEL OR UNIT P
Formation WOLFCAMP A
Legal
AFE Numbers

Prospect ATLAS 2528
State & County NEW MEXICO, EDDY
Objective DRILL & COMPLETE
Depth 25,000
TVD 9,350

Cost Description	Code	Pre-Set (PS)	Pre-Set Casing (PC)	Drilling (DR)	Completions (C)	Tank Btry Constrcn (TB)	Prep Equip (PEQ)	Revision	Total
Intangible Costs									
D-Log/Pits/Roads	205			\$ 136,000.00			\$	-	\$ 136,000.00
D-Drilling Overhead	206			\$ 13,000.00			\$	-	\$ 13,000.00
D-Daywork Contract	209			\$ 953,000.00			\$	-	\$ 953,000.00
D-Directional Drig Services	210			\$ 456,000.00			\$	-	\$ 456,000.00
D-Fuel & Power	211			\$ 203,000.00			\$	-	\$ 203,000.00
D-Water	212			\$ 106,000.00			\$	-	\$ 106,000.00
D-Bits	213			\$ 151,000.00			\$	-	\$ 151,000.00
D-Mud & Chemicals	214			\$ 361,000.00			\$	-	\$ 361,000.00
D-Cement Surface	217			\$ 26,000.00			\$	-	\$ 26,000.00
D-Cement Intermediate	218			\$ 107,000.00			\$	-	\$ 107,000.00
D-Prod-2nd Int Cml	219			\$ 156,000.00			\$	-	\$ 156,000.00
D-Float Equipment & Centralizers	221			\$ 66,000.00			\$	-	\$ 66,000.00
D-Cig Crews & Equip	222			\$ 93,000.00			\$	-	\$ 93,000.00
D-Contract Labor	225			\$ 10,000.00			\$	-	\$ 10,000.00
D-Company Servn	226			\$ 73,000.00			\$	-	\$ 73,000.00
D-Contract Servn	227			\$ 171,000.00			\$	-	\$ 171,000.00
D-Tyng Csg/Tbg	228			\$ 66,000.00			\$	-	\$ 66,000.00
D-Mud Logging Unit	229			\$ 65,000.00			\$	-	\$ 65,000.00
D-Rentals-Surface	235			\$ 281,000.00			\$	-	\$ 281,000.00
D-Rentals-Subsfc	236			\$ 131,000.00			\$	-	\$ 131,000.00
D-Trucking/Forklift/Mob	237			\$ 201,000.00			\$	-	\$ 201,000.00
D-Welding Services	238			\$ 5,000.00			\$	-	\$ 5,000.00
D-Contingency	243			\$ 68,000.00			\$	-	\$ 68,000.00
D-Emment/Clad Loop	244			\$ 441,000.00			\$	-	\$ 441,000.00
C-Wellbore Frac Prep	304				\$ 127,000.00		\$	-	\$ 127,000.00
C-Log/Pits/Roads	305				\$ 16,000.00		\$	-	\$ 16,000.00
C-Completion OH	306				\$ 23,000.00		\$	-	\$ 23,000.00
C-Frac Equipment	307				\$ 1,464,000.00		\$	-	\$ 1,464,000.00
C-Frac Chemicals	308				\$ 627,000.00		\$	-	\$ 627,000.00
C-Frac Proppant	309				\$ 285,000.00		\$	-	\$ 285,000.00
C-Frac Proppant Transportation	310				\$ 442,000.00		\$	-	\$ 442,000.00
C-Fuel Delivery & Services	311				\$ 64,000.00		\$	-	\$ 64,000.00
C-Water	312				\$ 866,000.00		\$	-	\$ 866,000.00
C-Frac Surface Rentals	315				\$ 480,000.00		\$	-	\$ 480,000.00
C-Contract Labor	325				\$ 16,000.00		\$	-	\$ 16,000.00
C-Company Servn	326				\$ 16,000.00		\$	-	\$ 16,000.00
C-Contract Servn	327				\$ 227,000.00		\$	-	\$ 227,000.00
C-Artificial Lift Install	329				\$ 68,000.00		\$	-	\$ 68,000.00
C-Perf/Wireline Svc	331				\$ 570,000.00		\$	-	\$ 570,000.00
C-Trucking/Forklift/Mob	337				\$ 16,000.00		\$	-	\$ 16,000.00
C-Water Disposal	339				\$ 81,000.00		\$	-	\$ 81,000.00
C-Contingency	343				\$ 226,000.00		\$	-	\$ 226,000.00
C-Dyed Diesel	345				\$ 495,000.00		\$	-	\$ 495,000.00
C-Drillout	346				\$ 510,000.00		\$	-	\$ 510,000.00
TB-Damages/Right of Way	351					\$ 2,000.00	\$	-	\$ 2,000.00
TB-Location/Pits/Roads	353					\$ 43,000.00	\$	-	\$ 43,000.00
TB-Contract Labor	356					\$ 164,000.00	\$	-	\$ 164,000.00
PEQ-Contract Labor	374						\$ 43,000.00	-	\$ 43,000.00
PEQ-Water Disposal	387						\$ 203,000.00	-	\$ 203,000.00
PEQ-HRZ Well Offset Frac	391						\$ 21,000.00	-	\$ 21,000.00
Total Intangible Costs		\$ -	\$ -	\$ 4,377,000.00	\$ 6,599,000.00	\$ 228,000.00	\$ 267,000.00	-	\$ 11,472,000.00

Tangible Costs									
PEQ-Flowback Crews & Equip	392						\$ 122,000.00	-	\$ 122,000.00
D-Surface Casing	401			\$ 35,000.00			\$	-	\$ 35,000.00
D-Intermediate Csg	402			\$ 323,000.00			\$	-	\$ 323,000.00
D-Production Casing/liner	403			\$ 446,000.00			\$	-	\$ 446,000.00
D-Wellhead Equip	405			\$ 108,000.00			\$	-	\$ 108,000.00
C-Tubing	504				\$ 79,000.00		\$	-	\$ 79,000.00
C-Wellhead Equip	505				\$ 43,000.00		\$	-	\$ 43,000.00
TB-Tanks	510					\$ 80,000.00	\$	-	\$ 80,000.00
TB-Flowlines/Pipelines	511					\$ 30,000.00	\$	-	\$ 30,000.00
TB-Hr Tr/Septic	512					\$ 185,000.00	\$	-	\$ 185,000.00
TB-Electrical Systems/Equipment	513					\$ 119,000.00	\$	-	\$ 119,000.00
C-Pdms/Anchors/Hgns	514				\$ 98,000.00		\$	-	\$ 98,000.00
TB-Couplings/Fittings/Valves	515					\$ 204,000.00	\$	-	\$ 204,000.00
TB-Pumps-Surface	521					\$ 25,000.00	\$	-	\$ 25,000.00
TB-Instrumentation/SCADA/POC	522					\$ 20,000.00	\$	-	\$ 20,000.00
TB-Miscellaneous	523					\$ 20,000.00	\$	-	\$ 20,000.00
TB-Meters/Locks	525					\$ 25,000.00	\$	-	\$ 25,000.00
TB-Flares/Combustors/Emission	526					\$ 30,000.00	\$	-	\$ 30,000.00
C-Gas Lift/Compression	527				\$ 38,000.00		\$	-	\$ 38,000.00
PEQ-Wellhead Equipment	531						\$ 43,000.00	-	\$ 43,000.00
Total Tangible Costs		\$ -	\$ -	\$ 912,000.00	\$ 254,000.00	\$ 736,000.00	\$ 185,000.00	-	\$ 2,087,000.00

Total Gross Cost	\$ -	\$ -	\$ 5,289,000.00	\$ 6,857,000.00	\$ 967,000.00	\$ 432,000.00	\$ -	\$ 13,943,000.00
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Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By _____

Date Prepared: 1.23.20

We approve:
% Working Interest

COG Operating LLC

By _____

Company:
By _____

Printed Name:
Title:
Date: _____

Case No. 21627 - Page 20

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 SCOUT STATE COM 602H
SHL 6: 220 FHL, 808 FEL OR UNIT A
BHL 18: 330 FSL, 1342 FEL OR UNIT O
Formation WOLFCAMP A
Legal
AFE Numbers

Prospect ATLAS 2528
State & County NEW MEXICO, EDDY
Objective DRILL & COMPLETE
Depth 25,000
TVD 9,350

Cost Description	Code	PreSpud (PS)	Pre-Set Casing(PC)	Drilling (DR)	Completions (C)	Tank Btry Constrcn(TB)	Prmp Equip (PEQ)	Revision	Total
Intangible Costs									
D-ConnPits/Roads	205			\$ 138,000.00			\$ -	\$ -	\$ 138,000.00
D-Drilling Overhead	208			\$ 13,000.00			\$ -	\$ -	\$ 13,000.00
D-Daywork Contract	209			\$ 953,000.00			\$ -	\$ -	\$ 953,000.00
D-Directional Drig Services	210			\$ 456,000.00			\$ -	\$ -	\$ 456,000.00
D-Fuel & Power	211			\$ 203,000.00			\$ -	\$ -	\$ 203,000.00
D-Water	212			\$ 108,000.00			\$ -	\$ -	\$ 108,000.00
D-Bits	213			\$ 151,000.00			\$ -	\$ -	\$ 151,000.00
D-Mud & Chemicals	214			\$ 361,000.00			\$ -	\$ -	\$ 361,000.00
D-Cement Surface	217			\$ 28,000.00			\$ -	\$ -	\$ 28,000.00
D-Cement Intermed	218			\$ 107,000.00			\$ -	\$ -	\$ 107,000.00
D-Prod-2nd Int Cmt	219			\$ 158,000.00			\$ -	\$ -	\$ 158,000.00
D-Floet Equipment & Centralizers	221			\$ 86,000.00			\$ -	\$ -	\$ 86,000.00
D-Csg Crews & Equip	222			\$ 93,000.00			\$ -	\$ -	\$ 93,000.00
D-Contract Labor	225			\$ 10,000.00			\$ -	\$ -	\$ 10,000.00
D-Company Servn	226			\$ 73,000.00			\$ -	\$ -	\$ 73,000.00
D-Contract Servn	227			\$ 171,000.00			\$ -	\$ -	\$ 171,000.00
D-Telp Csg/Tbg	228			\$ 58,000.00			\$ -	\$ -	\$ 58,000.00
D-Mud Logging Unit	229			\$ 65,000.00			\$ -	\$ -	\$ 65,000.00
D-Rentals-Surface	235			\$ 281,000.00			\$ -	\$ -	\$ 281,000.00
D-Rentals-Subarfc	236			\$ 131,000.00			\$ -	\$ -	\$ 131,000.00
D-Trucking/Forklift/Rig Mob	237			\$ 201,000.00			\$ -	\$ -	\$ 201,000.00
D-Welding Services	238			\$ 5,000.00			\$ -	\$ -	\$ 5,000.00
D-Contingency	243			\$ 88,000.00			\$ -	\$ -	\$ 88,000.00
D-Envrnmnt/Clad Loop	244			\$ 441,000.00			\$ -	\$ -	\$ 441,000.00
C-Wellbore Frac Prep	304				\$ 127,000.00		\$ -	\$ -	\$ 127,000.00
C-ConnPits/Roads	305				\$ 16,000.00		\$ -	\$ -	\$ 16,000.00
C-Completion OH	306				\$ 23,000.00		\$ -	\$ -	\$ 23,000.00
C-Frac Equipment	307				\$ 1,484,000.00		\$ -	\$ -	\$ 1,484,000.00
C-Frac Chemicals	308				\$ 627,000.00		\$ -	\$ -	\$ 627,000.00
C-Frac Proppant	309				\$ 285,000.00		\$ -	\$ -	\$ 285,000.00
C-Frac Proppant Transportation	310				\$ 442,000.00		\$ -	\$ -	\$ 442,000.00
C-Fuel Delivery & Services	311				\$ 84,000.00		\$ -	\$ -	\$ 84,000.00
C-Water	312				\$ 866,000.00		\$ -	\$ -	\$ 866,000.00
C-Frac Surface Rentals	315				\$ 480,000.00		\$ -	\$ -	\$ 480,000.00
C-Contract Labor	325				\$ 16,000.00		\$ -	\$ -	\$ 16,000.00
C-Company Servn	326				\$ 16,000.00		\$ -	\$ -	\$ 16,000.00
C-Contract Servn	327				\$ 227,000.00		\$ -	\$ -	\$ 227,000.00
C-Artificial Lift Install	329				\$ 68,000.00		\$ -	\$ -	\$ 68,000.00
C-Perf/Wireline Svc	331				\$ 670,000.00		\$ -	\$ -	\$ 670,000.00
C-Trucking/Forklift/Rig Mob	337				\$ 18,000.00		\$ -	\$ -	\$ 18,000.00
C-Water Disposal	339				\$ 61,000.00		\$ -	\$ -	\$ 61,000.00
C-Contingency	343				\$ 226,000.00		\$ -	\$ -	\$ 226,000.00
C-Dyed Diesel	345				\$ 495,000.00		\$ -	\$ -	\$ 495,000.00
C-Drillout	346				\$ 510,000.00		\$ -	\$ -	\$ 510,000.00
TB-Damages/Right of Way	351					\$ 2,000.00	\$ -	\$ -	\$ 2,000.00
TB-LocationPits/Roads	353					\$ 43,000.00	\$ -	\$ -	\$ 43,000.00
TB-Contract Labor	356					\$ 184,000.00	\$ -	\$ -	\$ 184,000.00
PEQ-Contract Labor	374						\$ 43,000.00	\$ -	\$ 43,000.00
PEQ-Water Disposal	387						\$ 203,000.00	\$ -	\$ 203,000.00
PEQ-HRZ Well Offset Frac	391						\$ 21,000.00	\$ -	\$ 21,000.00
Total Intangible Costs		\$ -	\$ -	\$ 4,377,000.00	\$ 8,599,000.00	\$ 229,000.00	\$ 267,000.00	\$ -	\$ 11,472,000.00

Tangible Costs									
PEQ-Flowback Crews & Equip	392					\$ 122,000.00	\$ -	\$ -	\$ 122,000.00
D-Surface Casing	401			\$ 35,000.00			\$ -	\$ -	\$ 35,000.00
D-Intermed Csg	402			\$ 323,000.00			\$ -	\$ -	\$ 323,000.00
D-Production Casing/Liner	403			\$ 446,000.00			\$ -	\$ -	\$ 446,000.00
D-Wellhead Equip	405			\$ 106,000.00			\$ -	\$ -	\$ 106,000.00
C-Tubing	504				\$ 79,000.00		\$ -	\$ -	\$ 79,000.00
C-Wellhead Equip	505				\$ 43,000.00		\$ -	\$ -	\$ 43,000.00
TB-Tanks	510					\$ 80,000.00	\$ -	\$ -	\$ 80,000.00
TB-Flowlines/Pipelines	511					\$ 30,000.00	\$ -	\$ -	\$ 30,000.00
TB-Hy Trn/Seprtr	512					\$ 185,000.00	\$ -	\$ -	\$ 185,000.00
TB-Electrical Systems/Equipment	513					\$ 119,000.00	\$ -	\$ -	\$ 119,000.00
C-Pctrs/Anchors/Hyrs	514				\$ 98,000.00		\$ -	\$ -	\$ 98,000.00
TB-Couplings/Fittings/Valves	515					\$ 204,000.00	\$ -	\$ -	\$ 204,000.00
TB-Pumps-Surface	521					\$ 25,000.00	\$ -	\$ -	\$ 25,000.00
TB-Instrumentation/SCADA/POC	522					\$ 20,000.00	\$ -	\$ -	\$ 20,000.00
TB-Miscellaneous	523					\$ 20,000.00	\$ -	\$ -	\$ 20,000.00
TB-Meters/Lacts	525					\$ 25,000.00	\$ -	\$ -	\$ 25,000.00
TB-Flares/Combustors/Emission	526					\$ 30,000.00	\$ -	\$ -	\$ 30,000.00
C-Gas Lift/Compression	527				\$ 38,000.00		\$ -	\$ -	\$ 38,000.00
PEQ-Wellhead Equipment	531						\$ 43,000.00	\$ -	\$ 43,000.00
Total Tangible Costs		\$ -	\$ -	\$ 912,000.00	\$ 258,000.00	\$ 738,000.00	\$ 165,000.00	\$ -	\$ 2,073,000.00

Total Gross Cost	\$ -	\$ -	\$ 5,289,000.00	\$ 8,857,000.00	\$ 967,000.00	\$ 432,000.00	\$ -	\$ -	\$ 13,545,000.00
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Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: 1.23.20

We approve:

% Working Interest

COG Operating LLC

By: _____

Company:
By: _____

Printed Name: _____
Title: _____
Date: _____

Case No. 21627 - Page 21

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 SCOUT STATE COM 603H
SHL 6: 240 FNL, 2682 FEL OR UNIT B
SHL 18: 330 FSL, 2244 FEL OR UNIT O
Formation WOLFCAMP A
Legal
AFE Numbers

Prospect ATLAS 2528
State & County NEW MEXICO, EDDY
Objective DRILL & COMPLETE
Depth 25,000
TVD 9,360

Cost Description	Code	Prepud (PB)	Pre-Set Casing(PC)	Drilling (DR)	Completions (C)	Tank Btty Constrcn(TB)	Pmpq Equip (PEQ)	Revision	Total
Intangible Costs									
D-Loan/Pits/Roads	205			\$ 136,000.00					\$ 136,000.00
D-Drilling Overhead	206			\$ 13,000.00					\$ 13,000.00
D-Drywork Contract	209			\$ 953,000.00					\$ 953,000.00
D-Directional Drig Services	210			\$ 456,000.00					\$ 456,000.00
D-Fuel & Power	211			\$ 203,000.00					\$ 203,000.00
D-Water	212			\$ 106,000.00					\$ 106,000.00
D-Bits	213			\$ 151,000.00					\$ 151,000.00
D-Mud & Chemicals	214			\$ 361,000.00					\$ 361,000.00
D-Cement Surface	217			\$ 28,000.00					\$ 28,000.00
D-Cement Intermed	218			\$ 107,000.00					\$ 107,000.00
D-Prod-2nd Int Cmt	219			\$ 158,000.00					\$ 158,000.00
D-Fleet Equipment & Centralizers	221			\$ 86,000.00					\$ 86,000.00
D-Cag Crews & Equip	222			\$ 93,000.00					\$ 93,000.00
D-Contract Labor	225			\$ 10,000.00					\$ 10,000.00
D-Company Sprvan	226			\$ 73,000.00					\$ 73,000.00
D-Contract Sprvan	227			\$ 171,000.00					\$ 171,000.00
D-Tslp Cag/Tbg	228			\$ 58,000.00					\$ 58,000.00
D-Mud Logging Unit	229			\$ 65,000.00					\$ 65,000.00
D-Rentals-Surface	235			\$ 281,000.00					\$ 281,000.00
D-Rentals-Subs/c	236			\$ 131,000.00					\$ 131,000.00
D-Trucking/Forklift/Rig Mob	237			\$ 201,000.00					\$ 201,000.00
D-Welding Services	238			\$ 5,000.00					\$ 5,000.00
D-Contingency	243			\$ 88,000.00					\$ 88,000.00
D-Envrnmnt/Cld Loop	244			\$ 441,000.00					\$ 441,000.00
C-Wellbore Frac Prep	304				\$ 127,000.00				\$ 127,000.00
C-Loan/Pits/Roads	305				\$ 16,000.00				\$ 16,000.00
C-Completion OH	306				\$ 23,000.00				\$ 23,000.00
C-Frac Equipment	307				\$ 1,464,000.00				\$ 1,464,000.00
C-Frac Chemicals	308				\$ 627,000.00				\$ 627,000.00
C-Frac Proppant	309				\$ 285,000.00				\$ 285,000.00
C-Frac Proppant Transportation	310				\$ 442,000.00				\$ 442,000.00
C-Fuel Delivery & Services	311				\$ 64,000.00				\$ 64,000.00
C-Water	312				\$ 866,000.00				\$ 866,000.00
C-Frac Surface Rentals	315				\$ 480,000.00				\$ 480,000.00
C-Contract Labor	326				\$ 16,000.00				\$ 16,000.00
C-Company Sprvan	326				\$ 16,000.00				\$ 16,000.00
C-Contract Sprvan	327				\$ 227,000.00				\$ 227,000.00
C-Artificial Lift Install	329				\$ 68,000.00				\$ 68,000.00
C-Part/Wireline Svc	331				\$ 670,000.00				\$ 670,000.00
C-Trucking/Forklift/Rig Mob	337				\$ 16,000.00				\$ 16,000.00
C-Water Disposal	339				\$ 81,000.00				\$ 81,000.00
C-Contingency	343				\$ 226,000.00				\$ 226,000.00
C-Dyed Diesel	345				\$ 495,000.00				\$ 495,000.00
C-Drillout	346				\$ 510,000.00				\$ 510,000.00
TB-Damages/Right of Way	351					\$ 2,000.00			\$ 2,000.00
TB-Location/Pits/Roads	353					\$ 43,000.00			\$ 43,000.00
TB-Contract Labor	356					\$ 184,000.00			\$ 184,000.00
PEQ-Contract Labor	374						\$ 43,000.00		\$ 43,000.00
PEQ-Water Disposal	387						\$ 203,000.00		\$ 203,000.00
PEQ-HRZ Well Offset Frac	391						\$ 21,000.00		\$ 21,000.00
Total Intangible Costs		\$ -	\$ -	\$ 4,377,000.00	\$ 6,588,800.00	\$ 229,000.00	\$ 267,000.00		\$ 11,472,000.00

Tangible Costs									
PEQ-Flowback Crews & Equip	392					\$ 122,000.00			\$ 122,000.00
D-Surface Casing	401			\$ 35,000.00					\$ 35,000.00
D-Intermed Cag	402			\$ 323,000.00					\$ 323,000.00
D-Production Casing/Liner	403			\$ 448,000.00					\$ 448,000.00
D-Wellhead Equip	405			\$ 106,000.00					\$ 106,000.00
C-Tubing	504				\$ 79,000.00				\$ 79,000.00
C-Wellhead Equip	505				\$ 43,000.00				\$ 43,000.00
TB-Tanks	510					\$ 80,000.00			\$ 80,000.00
TB-Flowlines/Pipelines	511					\$ 30,000.00			\$ 30,000.00
TB-Hr Trn/Segmr	512					\$ 185,000.00			\$ 185,000.00
TB-Electrical System/Equipment	513					\$ 119,000.00			\$ 119,000.00
C-Polys/Anchors/Hors	514				\$ 98,000.00				\$ 98,000.00
TB-Coupling/Fittings/Valves	515					\$ 204,000.00			\$ 204,000.00
TB-Pumps-Surface	521					\$ 25,000.00			\$ 25,000.00
TB-Instrumentation/SCADA/POC	522					\$ 20,000.00			\$ 20,000.00
TB-Miscellaneous	523					\$ 20,000.00			\$ 20,000.00
TB-Meters/Lacts	525					\$ 25,000.00			\$ 25,000.00
TB-Fires/Combustors/Emission	526					\$ 30,000.00			\$ 30,000.00
C-Gas Lift/Compression	527				\$ 38,000.00				\$ 38,000.00
PEQ-Wellhead Equipment	531						\$ 43,000.00		\$ 43,000.00
Total Tangible Costs		\$ -	\$ -	\$ 912,000.00	\$ 258,000.00	\$ 738,000.00	\$ 165,000.00		\$ 2,073,000.00

Total Gross Cost	\$ -	\$ -	\$ 5,289,000.00	\$ 6,847,000.00	\$ 967,000.00	\$ 432,000.00	\$ -	\$ 13,543,000.00
-------------------------	------	------	-----------------	-----------------	---------------	---------------	------	------------------

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

COG Operating LLC

By: _____

Date Prepared: 1.23.20

We approve:

% Working Interest

COG Operating LLC

By: _____

Company: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

Case No. 21627 - Page 22

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

Page 23 of 35

**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. 21627

SELF-AFFIRMED STATEMENT OF TRAVIS SPARKS

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.
2. I am a geologist with COG Operating LLC ("COG") and have previously testified before the New Mexico Oil Conservation Division ("Division") as an expert witness in petroleum geology matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by COG in this case and I have conducted a geologic study of the lands in the subject area.
4. COG is targeting the Wolfcamp formation with its proposed Scout State Com 601H, 602H, and 603H wells (collectively the "Wells").
5. Attachment D is a locator map displaying COG's acreage in yellow for the Wolfcamp formation. Existing producing wells in the Wolfcamp interval are represented by solid lines. The approximate wellbore paths for the Wells are marked by dashed lines.
6. Attachment E is a subsea structure map that I prepared for the top of the Wolfcamp that is representative of the targeted interval within the Wolfcamp interval. The data points are indicated by crosses. I used the Wolfcamp structure because it is a reliable regional marker and

the target intervals lie near this marker. The approximate wellbore paths for the proposed Wells are depicted by dashed lines. The map shows that the formation is gently dipping to the southwest in this area. I do not observe any faulting, pinch-outs, or other geologic impediments to developing the targeted intervals with horizontal wells in this area.

7. **Attachment F** overlays a cross-section line consisting of three wells penetrating the Wolfcamp formation that I used to construct a stratigraphic cross-section from A to A'. I consider these well logs to be representative of the geology in the area.

8. **Attachment G** is a stratigraphic cross-section using the representative wells depicted on Attachment F. Each well in the cross-section contains gamma ray, resistivity, and porosity logs. The proposed target intervals in the Wolfcamp formation are labeled on the exhibit. The cross-section demonstrates that the targeted intervals are continuous across the proposed spacing unit.

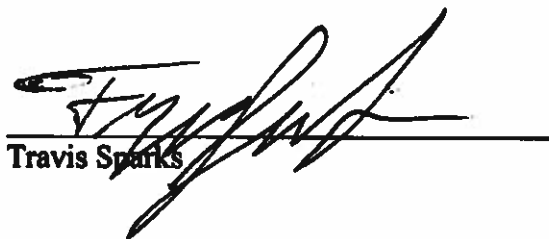
9. In my opinion, the stand-up orientation of the proposed wells is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

10. Based on my geologic study, the targeted interval underlying the subject area is suitable for development by horizontal wells, and the acreage comprising the proposed spacing unit will contribute, more-or-less, equally to the production from the wellbores.

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

12. **Exhibit 2 and Attachments D through G** were either prepared by me, compiled under my direction and supervision, or were compiled from company business records.

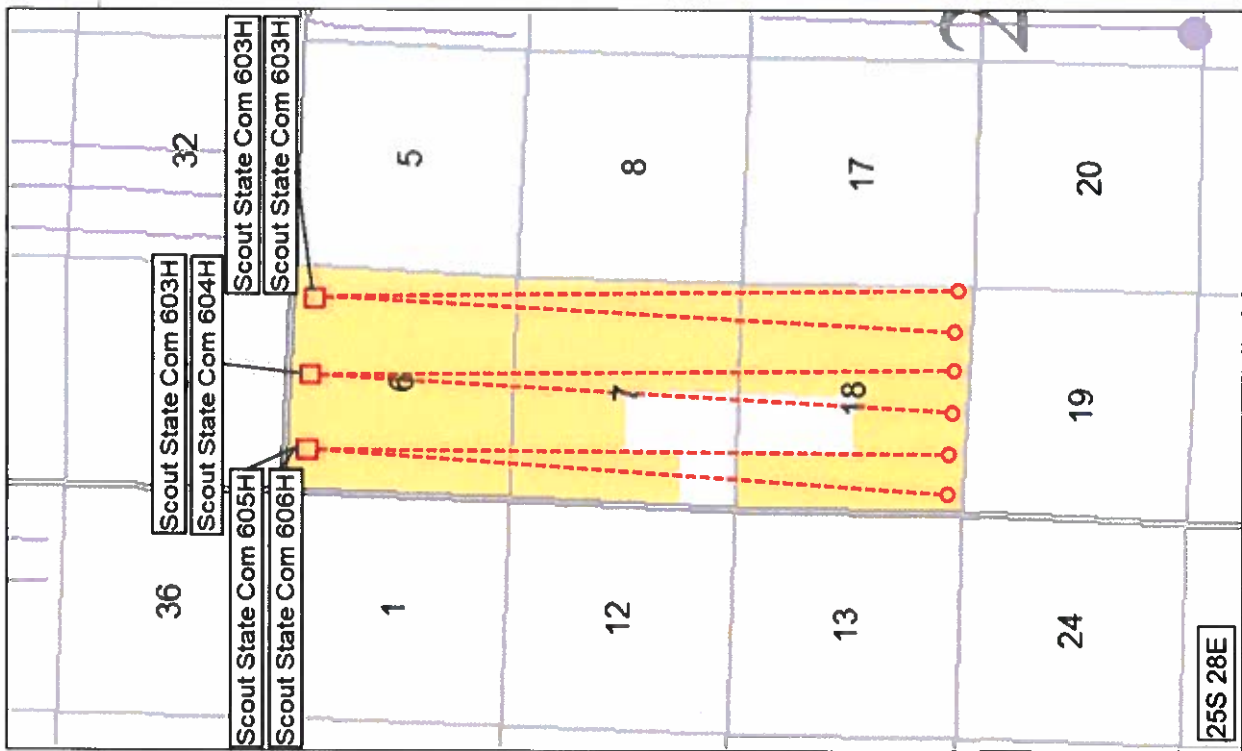
13. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 16 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date indicated next to my signature below.


Travis Sparks

1-4-2021
Date

Wolfcamp Pool

Scout State Com # 601H- 606H



SHL

BHL

COG - Wolfcamp Horizontal Location

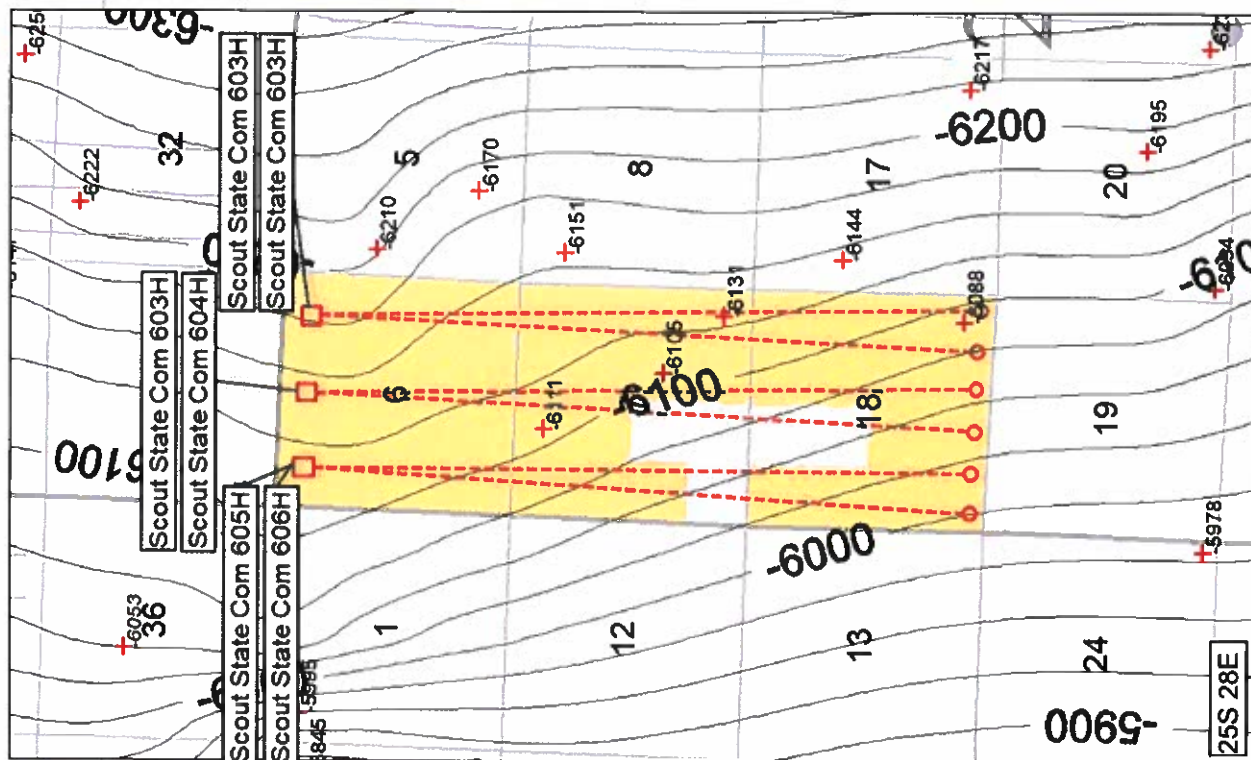
Existing Wolfcamp A Sand Producer

COG Acreage

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21627 Attachment D
Submitted by:
COG OPERATING LLC
Hearing Date: January 7, 2021



Wolfcamp Pool
Scout State Com # 601H- 606H



Map Legend



COG – Wolfcamp Horizontal Location



Existing Wolfcamp A Sand Producer

Wolfcamp Structure
Cl: 25'

COG Acreage



Data Point

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 21627 Attachment E

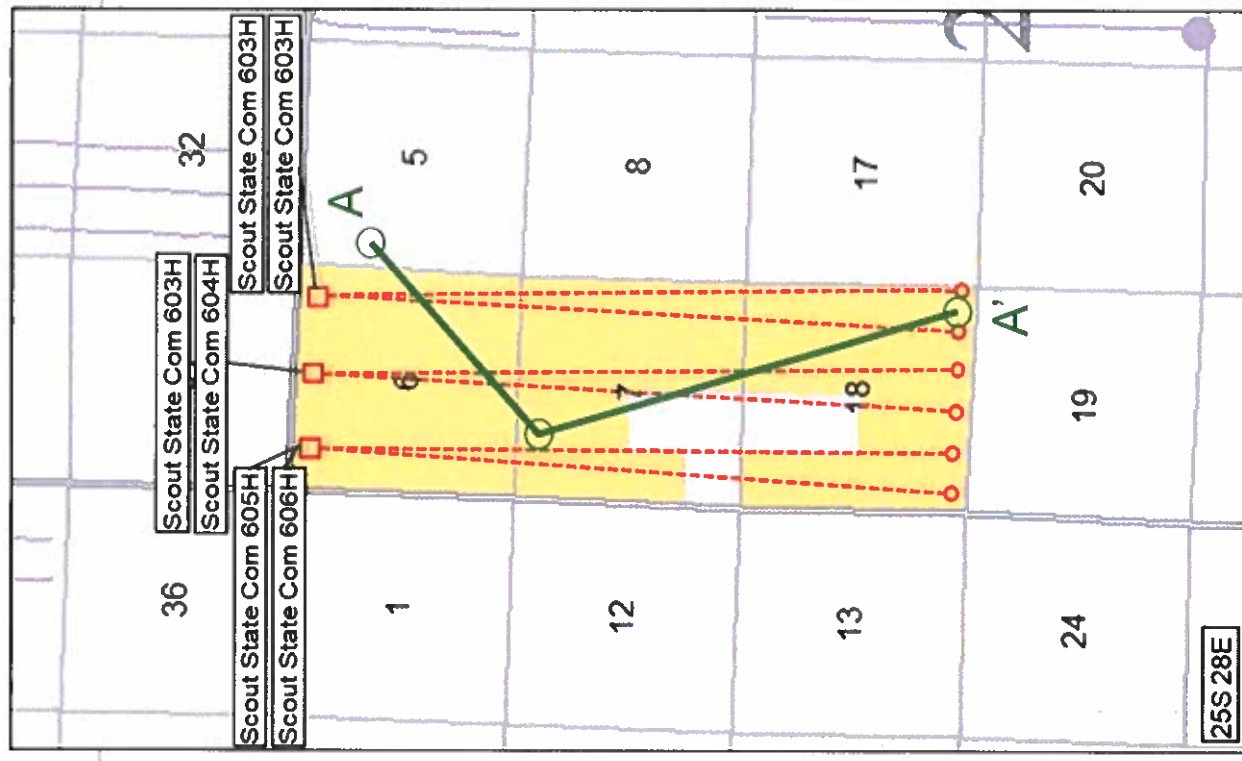
Submitted by:

COG OPERATING LLC
Hearing Date: January 7, 2021



CONCHO

Wolfcamp Pool Scout State Com # 601H- 606H



SHL

BHL

COG – Wolfcamp Horizontal Location

Existing Wolfcamp A Sand Producer

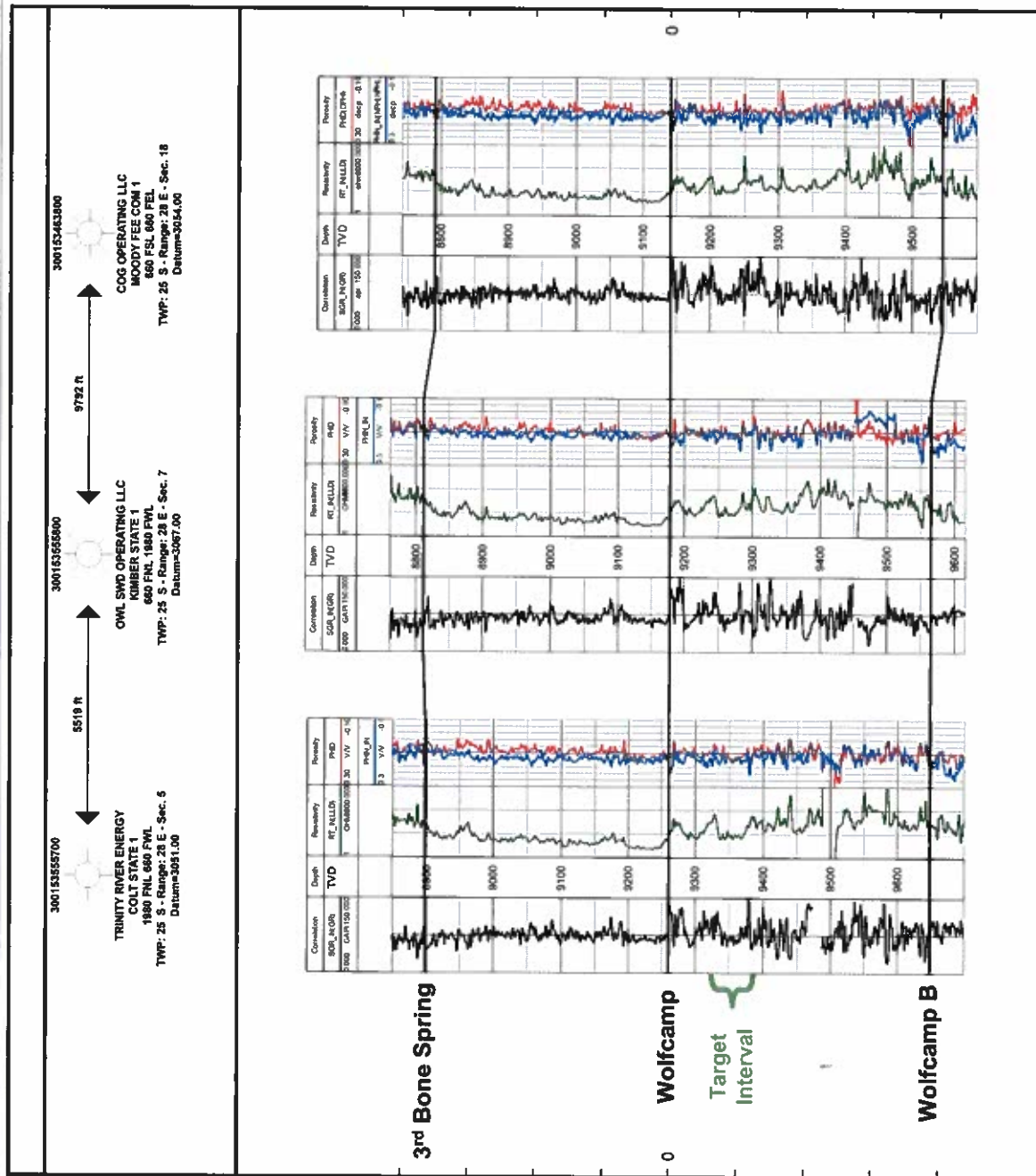
Cross Section Line

COG Acreage

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21627 Attachment F
Submitted by:
COG OPERATING LLC
Hearing Date: January 7, 2021



Stratigraphic Cross Section A - A'



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21627 Attachment G
Submitted by:
COG OPERATING LLC
Hearing Date: January 7, 2021

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 21627 Exhibit No. 3
Submitted by:
GOVERNMENT OF CALIFORNIA
Hearing Date: JANUARY 7, 2021



Michael Rodriguez
Attorney

December 18, 2020

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Case No. 21627: Application of COG Operating, LLC for Compulsory Pooling,
Eddy County, New Mexico.
Scout State Com 601H, 602H and 603H Wells

To Whom It May Concern:

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **January 7, 2021** beginning at 8:15 a.m.

During the COVID-19 Public 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>. 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.

Pursuant to Division Rule 19.135.4.13.B, parties appearing in a case are required to file a pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or electronically submitted to ocd.hearings@state.nm.us 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.

Sincerely,

/s/ Michael Rodriguez

Michael Rodriguez
Attorney for COG Operating LLC

CORPORATE ADDRESS

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701
P 432.683 7443 | F 432 683 7441

SANTA FE OFFICE

1048 Paseo De Peralta | Santa Fe, NM 87505
P 505 780 8000 | F 505.428.0485

Case No: 21627 Page 31

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☐ Adult Signature Restricted Delivery \$

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Postage

EOG Resources Inc.
5509 Champions Drive
Midland, TX 79706

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7020 0640 0000 0143 0511

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Postmark
Here

Mewbourne Oil Company
500 W. Texas Avenue, Suite 1020
Midland, TX 79701

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7020 0640 0000 0143 0535

SENDER: COMPLETE THIS SECTION

MAIL DELIVERY INFORMATION

DELIVERY

■ Complete items 1, 2, and 3.

■ Print your name and address on the reverse so that we can return the card to you.

■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

EOG Resources Inc.
5509 Champions Drive
Midland, TX 79706

A. Signature

X

B. Received by (Printed Name)

D. Is delivery address different from item 1? ☐ Yes ☒ No

If YES, enter delivery address below:

3. Service Type

☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Insured Mail Restricted Delivery

Domestic Return Receipt

PS Form 3811, July 2015 PSN 7530-02-000-9053

9590 9402 4714 8344 6474 26
7020 0640 0000 0143 0511

SENDER: COMPLETE THIS SECTION

MAIL DELIVERY INFORMATION

DELIVERY

■ Complete items 1, 2, and 3.

■ Print your name and address on the reverse so that we can return the card to you.

■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mewbourne Oil Company
500 W. Texas Avenue, Suite 1020
Midland, TX 79701

A. Signature

X

B. Received by (Printed Name)

D. Is delivery address different from item 1? ☐ Yes ☒ No

If YES, enter delivery address below:

3. Service Type

☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Insured Mail Restricted Delivery

Domestic Return Receipt

PS Form 3811, July 2015 PSN 7530-02-000-9053

9590 9402 5941 0062 9997 70
7020 0640 0000 0143 0535

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☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

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Occidental Permian Limited Partnership
5 Greenway Plaza, Suite 2400
Houston, TX 77227

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

Postmark
Here

OXY V-1 Company
5 Greenway Plaza, Suite 2400
Houston, TX 77227

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Occidental Permian Limited Partnership
5 Greenway Plaza, Suite 2400
Houston, TX 77227

9590 9402 5941 0062 9997 63

7020 0640 0000 0143 0542

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent
- B. Received by (Printed Name) CVI G ☐ Addressee
- C. Date of Delivery 12-24-20
- D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail[®]
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Mail
☐ Mail Restricted Delivery

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

OXY V-1 Company
5 Greenway Plaza, Suite 2400
Houston, TX 77227

9590 9402 4714 8344 6474 33

7020 0640 0000 0143 0504

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent
- B. Received by (Printed Name) CVI G ☐ Addressee
- C. Date of Delivery 12-24-20
- D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail[®]
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Mail
☐ Mail Restricted Delivery

Domestic Return Receipt

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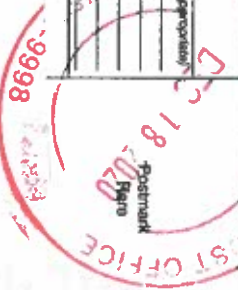
For delivery information, visit our website at www.usps.com.

DO NOT WRITE

Certified Mail Fee

Extra Services & Fees (check box and fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage



Nestegg Energy Corp
2308 Sierra Vista Rd.
Artesia, NM 88210

7020 0640 0000 0143 0528

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

ON DELIVERY

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Nestegg Energy Corp
2308 Sierra Vista Rd.
Artesia, NM 88210

9590 9402 4714 8344 6474 19

7020 0640 0000 0143 0528

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

3. Service Type	
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express [®]
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail TM
<input type="checkbox"/> Certified Mail [®]	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation TM
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Mail Restricted Delivery	

A. Signature 	<input checked="" type="checkbox"/> Agent
B. Received by (Printed Name) DANIEL B	<input type="checkbox"/> Addressee
C. Date of Delivery 12-21-20	
D. Is delivery address different from item 1? If YES, enter delivery address below:	<input type="checkbox"/> Yes <input type="checkbox"/> No

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0004515790

This is not an invoice

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1048 PASEO DE PERALTA

SANTA FE, NM 87501

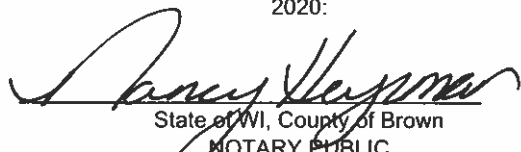
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements 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:

12/19/2020



Legal Clerk

Subscribed and sworn before me this December 19, 2020:



State of WI, County of Brown
NOTARY PUBLIC
S. 15. 23
My commission expires

Ad # 0004515790

PO #:

of Affidavits 1

This is not an invoice

NANCY HEYRMAN
Notary Public
State of Wisconsin

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on January 7, 2021. During the COVID-19 Public 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 December 28, 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: Occidental Permian Limited Partnership; OXY Y-1 Company; EOG Resources, Inc.; Nestegg Energy Corp.

Case 21627: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the division pooling all uncommitted interest owners in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (Pool code 98220), underlying a standard 960.48-acre, more or less, horizontal spacing unit comprised of Lots 1, 2, S/2NE/4, SE/4 of Section 6, E/2 of Section 7, and E/2 of Section 18, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The Scout State Com 601H well to be horizontally drilled from a surface hole location in Lot 1 (Unit A) of Section 6 to a bottom hole location in the SE/4SE/4 (Unit P) of Section 18,
- The Scout State Com 602H well to be horizontally drilled from a surface hole location in Lot 1 (Unit A) of Section 6 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 18, and
- The Scout State Com 603H well to be horizontally drilled from a surface hole location in Lot 2 (Unit B) of Section 6 to a bottom hole location in the SW/4SE/4 (Unit O) of Section 18.

Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 5.4 miles southwest of Malaga, New Mexico.

#4515790, Current Argus, December 19, 2020.