APPLICATION OF COG OPERATING LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22094, EDDY COUNTY, NEW MEXICO.

CASE NO. 22781 ORDER NO. R-22094 (Re-Open)

EXHIBIT INDEX

Exhibit A	Self-Affirmed Statement of Hunter Robert Hall IV
A-1	Application & Proposed Notice of Hearing
A-2	Order No. R-22094
A-3	Plat of Tracts, Ownership Interests, Pooled Parties, Unit Recapitulation
A-4	Sample Well Proposal Letter & AFE(s)
A-5	Summary of Communications
Exhibit B	Self-Affirmed Statement of Dana S. Hardy
B-1	Hearing Notice Letter
B-2	Notice Chart and Certified Mail Receipts

APPLICATION OF COG OPERATING LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22094, EDDY COUNTY, NEW MEXICO.

CASE NO. 22781 ORDER NO. R-22094 (Re-Open)

SELF-AFFIRMED STATEMENT OF <u>HUNTER ROBERT HALL IV</u>

1. I am a Land Negotiator for COG Operating LLC ("COG"). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my credentials as a petroleum land professional have been accepted and made a matter of record.

2. I am familiar with the land matters involved in the above-referenced case. Copies of COG's application and proposed hearing notice are attached as **Exhibit A-1**.

3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.

4. On April 4, 2022, the Division entered Order No. R-22094 ("Order") in Case No. 22595, which pooled all uncommitted interests in the Bone Spring formation (Corral Canyon; Bone Spring, South Pool, Code 13354) underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 5 and the W/2NW/4 and NW/4SW/4 of Section 8, Township 26 South, Range 29 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Hambone Federal Com #506H ("Well") and designated Applicant as operator of the Unit and Well.

COG Operating LLC Case No. 22781 Exhibit A

1

5. A copy of Order No. R-22094 is attached as Exhibit A-2.

6. Since the Order was entered, COG has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.

7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interests to be pooled under the terms of Order No. R-22094, which are highlighted in yellow. All of the interest owners are locatable.

8. Exhibit A-4 is a sample well proposal letter that I sent to the interest owners.

9. In my opinion, COG has made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in Exhibit A-5.

10. COG requests the additional uncommitted mineral interests be pooled under the terms of Order No. R-22094.

11. In my opinion, the granting of COG application would serve the interests of conservation and the prevention of waste.

12. The attached exhibits attached were either prepared by me or under my 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 12 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 handwritten next to my signature below.

C.C. Hunter Robert Hall IV

May 24, 2022

APPLICATION OF COG OPERATING LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22094, EDDY COUNTY, NEW MEXICO.

CASE NO. 22781 ORDER NO. R-22094 (Re-Open)

APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating LLC ("Applicant") (OGRID No. 229137) files this application with the Oil Conservation Division ("Division") for the limited purpose of pooling additional interest owners under the terms of Division Order No. R-22094. Applicant states the following in support of its application:

1. On April 4, 2022, the Division entered Order No. R-22094 ("Order") in Case No. 22595, which pooled all uncommitted interests in the Corral Canyon; Bone Spring, South Pool (Pool Code 13354) within the Bone Spring formation underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 5 and the W/2NW/4 and NW/4SW/4 of Section 8, Township 26 South, Range 29 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Hambone Federal Com #506H ("Well") and designated Applicant as operator of the Unit and Well.

2. Since entry of the Order, Applicant has identified additional interest owners in the Unit that have not been pooled under the terms of the Order.

3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from the owners.

4. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled into the Unit pursuant to the terms of the Order.

5. The pooling of the additional interest owners will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Oil Conservation Division on June 2, 2022, and after notice and hearing as required by law, the Division pool the additional interest owners into the Unit pursuant to the terms of Division Order No. R-22094.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy Dana S. Hardy Jaclyn McLean P.O. Box 2068 Santa Fe, NM 87504-2068 Phone: (505) 982-4554 Facsimile: (505) 982-8623 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com *Counsel for COG Operating LLC* Application of COG Operating LLC to Pool Additional Interest Owners Under Order No. **R-22094, Eddy County, New Mexico.** Applicant seeks to pool additional interest owners under the terms of Division Order No. R-22094. On April 4, 2022, the Division entered Order No. R-22094 ("Order") in Case No. 22595, which pooled all uncommitted interests in the Bone Spring formation underlying a 280-acre, more or less, standard horizontal spacing unit comprised of the W/2W/2 of Section 5 and the W/2NW/4 and NW/4SW/4 of Section 8, Township 26 South, Range 29 East, Eddy County, New Mexico ("Unit"). The Order further dedicated the Unit to the Hambone Federal Com #506H ("Well") and designated Applicant as operator of the Unit and Well. Since entry of the Order, Applicant has identified additional interest owners in the Unit that should be pooled under the terms of the Order. The Well is located approximately 10.4 miles south of Malaga, New Mexico.

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. 22595 ORDER NO. R-22094

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on March 3, 2022, 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.

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

depth(s) and location(s) in the Unit described in Exhibit A.

- 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.

<u>ORDER</u>

- 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 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.
- 19. 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.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit 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").
- 23. 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."

- 24. 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.
- 25. 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 that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. 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."
- 27. 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.
- 28. 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.
- 29. 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.

- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. 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.
- 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 AES/jag

Date: <u>4/04/2022</u>

Exhibit A

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to	
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ALL INFORMATION IN THE APPLICATION MU	IST BE SUPPORTED BY SIGNED AFFIDAVITS				
Case No.:	22595				
Hearing Date:	3/3/2022				
Applicant	COG Operating LLC				
Designated Operator & OGRID	OGRID # 229137				
Applicant's Counsel	Hinkle Shanor LLP				
Case Title	Application of COG Operating, LLC for Compulsory Pooling, Eddy				
	County, New Mexico				
Entries of Appearance/Intervenors	MRC Permian Company; Matador Production Company				
Well Family	Hambone				
Formation/Pool					
Formation Name(s) or Vertical Extent	Bone Spring				
Primary Product (Oil or Gas)	Oil				
Pooling this vertical extent	Bone Spring				
Pool Name and Pool Code	Corral Canyon; Bone Spring, South pool (13354)				
Well Location Setback Rules	Statewide				
Spacing Unit Size	280-acres				
Spacing Unit					
Type (Horizontal/Vertical)	Horizontal				
Size (Acres)	280-acres				
Building Blocks	quarter-quarter				
Orientation	Standup				
Description: TRS/County	W/2W/2 of Section 5, the W/2NW/4 and NW/4SW/4 of Section 8, Township 26 South, Range 29 East, Eddy County, New Mexico				
Standard Horizontal Well Spacing Unit (Y/N), If No,	Yes				
describe					
Other Situations					
Depth Severance: Y/N. If yes, description	N				
Proximity Tracts: If yes, description					
Proximity Defining Well: if yes, description					
Well(s)					
Name & API (if assigned), surface and bottom hole ocation, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed				
Well #1	Hambone #506H (API # pending)				
	SHL – S8-T26S-R29E, 1553 FSL, 1695 FWL (Unit K)				
	BHL – S5-T26S-R29E, 50 FNL, 990 FWL (Unit D)				
	Completion Target: Bone Spring formation				
	TVD: Approx. 8400'				
Horizontal Well First and Last Take Points	Exhibit A-2				
Completion Target (Formation, TVD and MD)	Exhibit A-4				
NFE Capex and Operating Costs	0000				
Drilling Supervision/Month \$	8000				
Production Supervision/Month \$	800				
ustification for Supervision Costs equested Risk Charge	Exhibit A				
	200%				
lotice of Hearing	CLUBS A A				
roposed Notice of Hearing	Exhibit A-1				
roof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6				
roof of Published Notice of Hearing (10 days before					

CASE NO. 22595 ORDER NO. R-22094

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Ownership Determination	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	Exhibit A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-3
Cross Section (including Landing Zone)	Exhibit B-4
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
igned Name (Attorney or Party Representative):	Jona J. Houdy 2/28/2022
Date:	2/28/2022



** = Party that has voluntarily executed a pooling agreement since the original hearing for order R-22094

*=Previously pooled parties under compulsory pooling order R-22094

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COG Operating LLC	0.14285714	0.00000000	0.13571429	0.14285714	0.13730159	0.55873016
Concho Oil & Gas LLC	0.00000000	0.00000000	0.00714286	0.00000000	0.00357143	0.01071429
MRC Permian Company	0.00000000	0.28571429	0.00000000	0.00000000	0.00000000	0.28571429
Devon Energy Production Co.	0.00000000	0.00000000	0.14285714	0.00000000	0.00000000	0.14285714
Marathon Oil Permian LLC	0.00000000	0.00000000	0.00000000	0.00000000	0.00198413	0.00198413
					TOTAL	1.00000000

Well Proposal Sent	Yes
Communitization Agmts Sent	Yes
Joint Operating Agmt Sent	Yes

PARTIES TO POOL	INTEREST TYPE
Devon Energy Production Company, LP	
333 W. Sheridan Avenue	
Oklahoma City, OK 73102	
ATTN: Land Department	WI
Marathon Oil Permian LLC	
5555 San Felipe St	
Houston, TX 77056	
ATTN: Land Department	WI
*Debra Kunkel	
PO Box 28504, Austin TX 78755	RI
*MRC Permian Company LLC	
5400 LBJ Freewa Suite 1500, Dallas, TX 75240	RT (State)
*Grizzly Operating, LLC	
5847 San Felipe, Ste 3000, Houston, TX 77057	RT (Fed)
*Grizzly Operating, LLC	
5847 San Felipe, Ste 3000, Houston, TX 77057	ORRI
*Delaware Ranch, Inc.	
1304 W. Riverside Dr, Carlsbad, NM 88220	RI
*1836 Royalty Partners, LLC	RI
*Jubilee Royalty Holdings LLC	RI

Received by OCD: 5/31/2022 8:41:12 AM

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*Ranchito AD4, LP	RI
*Tundra AD3, LP	RI
*Wing Resources IV, LLC	
2100 McKinney Ave, Suite 1540, Dallas, TX 75201	RI
*Edwin Fowlkes Heirs Family LP	RI
**John M. Fowlkes, ssp	
1111 West Texas, Marfa TX 79843	
PO Box 1470, Marfa, TX 79843	RI
**Preston L. Fowlkes, ssp	RI
**Edwin H. Fowlkes III (Trey), ssp	RI
**Janet Renee Fowlkes Murrey, ssp	RI
**Patrick K. Fowlkes, ssp	RI
*George & Nicole F. Poage	
PO Box 369, Marble Falls, TX 78654	NPRI
**Kemp Smith, LLP	
221 N. Kansas Suite 1700, El Paso, TX 79901	NPRI
*Mitchel E. & Elizabeth L. Cheney	
236 Merrie Way Lane, Houston, TX 77024	ORRI
*Lynn S. & Grace Charuk	
3921 Tanforan Ave, Midland, TX 79707	ORRI
**Penasco Petroleum LLC	
PO Box 2992, Roswell, NM 88202	ORRI
*Marguerite Fort Bruns, ssp	
10316 County Manor PL NW, Albuquerque, NM	
87114	ORRI



September 16, 2021

Via Certified Mail 9489 0090 0027 6357 7568 94 and Electronic Mail to crice@marathonoil.com Marathon Oil Permian LLC 5555 San Felipe St Houston, TX 77056 Attn: Land Department

Re: HAMBONE FED COM 506H W2W2 of Sec. 5 and W2NW & NWSW of Sec. 8, T26S-R29E Eddy County, New Mexico

Dear Sir or Madam:

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

Hambone Fed Com 506H, to be drilled to a depth sufficient to test the Second Bone Spring formation at an approximate total vertical depth of 8,400'. The surface location for this well is proposed at a legal location in Unit L of Section 8, T26S-R29E, and a bottom hole location at a legal location in Unit D of Section 5, T26S-R29E. The dedicated horizontal spacing unit will be the W2W2 of Section 5 and W2NW4 & NW4SW4 of Section 8, T26S-R29E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$6,126,190.00, as shown on the attached AFE.

COG is proposing to drill these wells under the terms of two new Operating Agreements which will follow under separate cover.

In the interest of time, 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 horizontal spacing unit for the proposed wells.

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 Austin.Kuenstler@conocophillips.com. Should you have any questions, please do not hesitate to contact me at 432.688.6648.

Sincerely,

COG Operating LLC

Austin Kuenstler Senior Land Negotiator

AK:bh Enc

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701 | P 432.683.7443 | F 432.683.7441

Page 2 - September 20, 2021 Hambone Fed Com 506H

Please indicate your election below:

WELL NAME	PARTICIPATE Elect to participate in drilling & completion of well	DO NOT PARTICIPATE Elect NOT to participate in drilling & completion of well		
Hambone Fed Com 506H				

MARATHON OIL PERMIAN LLC

By:			

Name:

Title:_____

Date:_____

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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:	HAMBONE FED COM 506H	PROSPECT NAME:	Atlas 2629
SHL:	8-26S-29E, 1553 FSL, 1695 FWL OR UNIT M	STATE & COUNTY:	New Mexico, Eddy
BHL:	5-26S-29E, 50 FNL, 990 FWL OR UNIT D	OBJECTIVE:	D&C
FORMATION:	2BS\$	DEPTH:	18,200
LEGAL:	W2W2 of Sec. 5, W2NW4 & NWSW of Sec. 8, T26S-R29E	TVD:	8,400

INTANGIBLE COSTS	201	<u>Drlg - Rig</u> <u>Release(D)</u> 20.000		<u>Completion(C)</u>	<u>Tank Btty</u> <u>Constrctn(TB)</u>	Pmpq Equipment(PEQ)	<u>TOTAL</u> 20,000
Title/Curative/Permit	201	2,500	302	and the state of the state of the state	mala and a second s	unumuniference	2,500
Damages/Right of Way	203	20.000	303			addinizidationesaatii	20,000
Survey/Stake Location	204	7.000	304	80,000		Brownskienskildhever	87,000
Location/Pits/Road Expense	205	165,000	305				170,000
Drilling / Completion Overhood	206	4,800	306		contractive and a contractiv	Manunes here and	17,300
Tumkey Contract	207	0	307	705,000	公司国际公共的保留时间的 目的方式	nighthumhthumanaithis	705,000
Footage Contract	208	0	308	271,000	组成是1993年1月1日的时间 1993	THE WARD PROPERTY AND IN THE	271,000
Daywork Contract	209	363,000	309	260,000	<u> antennikininingazina</u>	ADDRESS AND BEECK AND A	623,000
Directional Drilling Services	210	205,000	310		建成的是指的问题中的目的 的	national desired and the	584,000
Fuel & Power	211	101,000	311	31,000	Construction of the set of the se		132.000
Water	212	63,000	312		And the second second second second		455,000
Bits	213	59,000			Contraction and a second second second		80,000
Mud & Chemicals	214	80,000		Contraction of the second s	Addition and a second second		270,000
Drill Stem Test	215	/40/011	315	270,000	<u>ANN ANN ANN ANN ANN ANN ANN ANN ANN ANN</u>		
Coring & Analysis	216	0	0	200002000000000000000000000000000000000	ACCOMPANY AND	· · · · · · · · · · · · · · · · · · ·	16,500
Cement Surface	217	16,500	5		anna an ann an ann ann an Ann.		28,60
Cement Intermediate	218	28,600		Manager and an and a second second			132,99
Cement 2nd Intermediate/Production	219	132,990	8	Charles and a Charles and	A STATUS AND A STATUS AND A STATUS		102,00
Cement Squeeze & Other (Kickoff Plug)	220	0		Terrel (VERSION) States and States	margalian (Aliantee)	- EMISSION AND AND AND AND AND AND AND AND AND AN	50,00
Float Equipment & Centralizers	221	50,000	5	STRUCTURES INTERACTION	Propriet Distance and a second second	WIEGENERARCHINER CONTRACTOR	55,000
Casing Crews & Equipment	222	55,000		- and the second second second	STORTAGE MUNICIPALITY	- YORGER HARDING HARDING	
Fishing Tools & Service	223	0			Anisona Hergen Hellow		
Geologic/Engineering	224	0	•				8,50
Contract Labor	225	6,500	325				43,800
Company Supervision	226	28,800	326	Augusta			176,00
Contract Supervision	227	66,000	327		(1991)/1909.com		40,00
Testing Casing/Tubing	228	40,000	328		<u>- meansmean annsaid</u> Meanaistean NAISMan	sem Brandward an	58,00
Mud Logging Unit	229	18,000	329		second division and the second se	anna ann ann an ann an an ann an ann an	50,00
Logging	230	0	004	00	annen an		199,00
Perforating/Wireline Services	231	0			And Anno Anno Anno Anno Anno Anno Anno A		199,000
Stimulation/Treating		SALASUSE PROVIDENT	332 333		ANA CONTRACTOR OF CONTRACTOR O		
Completion Unit		gana ang ang ang ang ang ang ang ang ang	333	0	ano mananananananan sano montre sa		
Swabbing Unit	225	100,000	335	212			100.000
Rentals-Surface	235	120,000	336	tas and trades and the second second	and the second		120,000
Rentals-Subsurface	236 237	200,000	330	10,000	Sary Alberty Pranty Print		210,000
Trucking/Forklift/Rig Mobilization		3,000	338		- mayour		3,000
Welding Services	238 239	3,000					20,000
Water Disposal	239	0			enalitemanesses.	Stramon Stranger Silver	(
Plug to Abandon Selsmic Analysis	240	0			Roomentan march 1998	contraction and the second	
Miscellaneous	242		342		anterna anterna da site	and the second second second second second second	3,000
Contingency	243	62,000		and a second second	- the second second second second second		138.000
Closed Loop & Environmental	243	164,000		0			164,000
Fuel - Diesel	245	04,000					278,000
Coil Tubing	240	NER STREET, ST	346		NATION CONTRACTOR OF CONTRACTO	20	241,000
Flowback Crews & Equip		sali akina maana	347	10,000	outs means and the loss		10,000
Offset Directional/Frac	248	0		0	MERICAN	senter and the second	
TOTAL INTANGIBLES		2,182,690		3,408,500	0	0	5,591,190
TANGIBLE COSTS				-BARATAWA CONTRACTOR -		THEORY AND	45.00
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Intermediate Casing	402	73,000		STRUCTURE CONTRACTOR OF CONTRACTOR OF CONTRACT, CONTRACT	ontronogause (partition)	annanganationsation	73,000
Production Casing/Liner	403	230,000		HARPEN RANDOLENUM		<u>anceressequencestable</u>	230,000
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Wellhead Equipment	405	65,000	505		difficiell and the second second		85,000
Pumping Unit		aanaanaanaa ahaana	1	是自己的原始的问题。	2003 Store of the second states		
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Pumps-Sub Surface (BH)			509	THE REPORT OF A DESCRIPTION	antheory and the second se	anned and a standard	
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Electrical System		THE CONSTRUCTION OF THE PROPERTY OF THE PROPER	•	International Contract Contract	and the second states of the		60,00
Packers/Anchors/Hangers	414 415		514	60,000	and Standard Contract	สารณ์ได้มีสารและกิจิติสาร	
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Gas Lift/Compression		aspanaestfolkSkinegs		nonite and a second second		and the second	
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Gas Lift/Compression		and the first of the second		Resident and an and a state of the state of	(;);;;;	CANSERVIEW CONSIGN	20,00
TOTAL TANGIBLES		383,000	2.021	152,000	0	0	535,00
TOTAL VELL COSTS		2,565,690	1	3,560,500	0	0	6,126,19
TO THE WELL GOSTS		2,303,090		0,000,000	Y		
% of Total Well Cost		42%		\$8%	0%	D%	
COG Operating LLC							
		Date Prepared:		9/13/21			
We approve:		COG Operating LLC					
We approve: % Working Interest				RSL			
Company:							
By:							
Printed Name:							
Printed Name: Title:				. By signing you agree to pa	y your share		
Printed Name:		This AFE is only an esti of the actual costs incu		. By signing you agree to pa	y your share		



January 4, 2022

Via Electronic Mail to crice@marathonoil.com Marathon Oil Permian LLC 5555 San Felipe St Houston, TX 77056 Attn: Land Department

Re: HAMBONE FED COM 506H W2W2 of Sec. 5 and W2NW & NWSW of Sec. 8, T26S-R29E Eddy County, New Mexico

Dear Sir or Madam:

COG Operating LLC ("COG"), as Operator, previously proposed the Hambone Fed Com 506H well located as described above. Please allow this *informational letter* to serve as a correction to the Unit Letter typo highlighted below. It is our intent that the Hambone Fed Com 505H and 506H wells will share a pad in Unit K of Section 8. A copy of each respective AFE is attached which has only been revised to reflect the changes below.

Hambone Fed Com 506H, to be drilled to a depth sufficient to test the Second Bone Spring formation at an approximate total vertical depth of 8,400'. The surface location for this well is proposed at a legal location in Unit K of Section 8, T26S-R29E, and a bottom hole location at a legal location in Unit D of Section 5, T26S-R29E. The dedicated horizontal spacing unit will be the W2W2 of Section 5 and W2NW4 & NW4SW4 of Section 8, T26S-R29E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$6,126,190.00, as shown on the attached AFE.

Should you have any questions, please do not hesitate to contact me at ashley.a.roush@conocophillips.com or 432.230.3388.

Sincerely,

COG Operating LLC

//Ashley Roush//

Ashley Roush Land Supervisor

AR:bh Enc

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701 | P 432.683.7443 | F 432.683.7441

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:	HAMBONE FED COM 506H	PROSPECT NAME:	Atlas 2629
SHL:	8-26S-29E, 1553 FSL, 1695 FWL OR UNIT K	STATE & COUNTY:	New Mexico, Eddy
BHL:	5-26S-29E, 50 FNL, 990 FWL OR UNIT D	OBJECTIVE:	D&C
FORMATION:	2BSS	DEPTH:	18,200
LEGAL:	W2W2 of Sec. 5, W2NW4 & NWSW of Sec. 8, T26S-R29E	TVD:	8,400

NTANGIBLE COSTS		<u>Drlg - Rig</u> Release(D)		Completion(C)	Tank Btty Constrctn(TB)	Pmpg Equipment(PEQ)	TOTA
itle/Curative/Permit	201	20,000					20
surance	202	2,500	302	0			2
amages/Right of Way	203	20,000	303	0			20
urvey/Stake Location	204	7,000	304	80,000			87
ocation/Pits/Road Expense	205		305	5,000			170
rilling / Completion Overhead	206	4,800	306	12,500			17
urnkey Contract	207	0	307	705,000			705
ootage Contract	208	0	308	271,000			271
aywork Contract	209	363,000	309	260,000			623
irectional Drilling Services	210	206,000	310	378,000			584
uel & Power	211	101,000	311	31,000			132
/ater	212	63,000	312	392,000			455
its	213	59,000	313	0			59
ud & Chemicals	214		314	0			80
rill Stem Test	215		315	270,000			270
oring & Analysis	216	0					
ement Surface	217	16,500					16
ement Intermediate	218	28,600					28
ement 2nd Intermediate/Production	219	132,990					132
ement Squeeze & Other (Kickoff Plug)	220	0					
· · · · · · · · · · · · · · · · · · ·							
oat Equipment & Centralizers	221	50,000					50
asing Crews & Equipment	222	55,000					55
shing Tools & Service	223		323	0			
eologic/Engineering	224		324	0			
ontract Labor	225		325	2,000			8
ompany Supervision	226	28,800	326	15,000			43
ontract Supervision	227	66,000	327	110,000			176
esting Casing/Tubing	228	40,000	328	0			40
ud Logging Unit	229		329	40,000			58
ogging	230	0		0			
erforating/Wireline Services	231		331	199,000			199
timulation/Treating	1	Ū	332	0			
ompletion Unit			333	0			
wabbing Unit	-		334	0			
	235	100,000	335	0			100
entals-Surface entals-Subsurface	235		336	0		·	
	-					·	120
rucking/Forklift/Rig Mobilization	237		337	10,000			210
/elding Services	238		338	0			3
/ater Disposal	239		339	20,000			20
lug to Abandon	240		340	0			
eismic Analysis	241	0	341	0			
liscellaneous	242		342	3,000			3
ontingency	243	62,000	343	76,000			138
losed Loop & Environmental	244	164,000	344	0			164
uel - Diesel	245	0	345	278,000			278
oil Tubing			346	241,000			241
lowback Crews & Equip	-		347	10,000			10
ffset Directional/Frac	248	0	348	0			
TOTAL INTANGIBLES		2,182,690		3,408,500	0	0	5,591
	-						
ANGIBLE COSTS							
urface Casing	401	15,000					15
Itermediate Casing	402	73,000					73
roduction Casing/Liner	403	230,000					230
ubing			504	52,000			52
/ellhead Equipment	405		505	20,000			85
umping Unit	-+00	05,000	000	20,000			00
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jection Plant/CO2 Equipment							
umps-Surface	-						
strumentation/SCADA/POC	-						
liscellaneous	419	0	519	0	·		
	-		519 520	0			
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eters/LACT					·		
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as Lift/Compression			527	20,000			20
TOTAL TANGIBLES		383,000		152,000	0	0	535
TOTAL WELL COSTS		2,565,690		3,560,500	0	0	6,126
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· · · · · · · · · · · · · · · · · · ·		42%		58%	0%	0%	
% of Total Well Cost							
		Date Prepared:		9/13/21			
		Date Prepared:		9/13/21			
% of Total Well Cost	-	Date Prepared: COG Operating LLC		9/13/21			
OG Operating LLC	-	·					
DG Operating LLC	-	·		9/13/21 RSL			

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

d Name

Hambone Fed Com 506H-Chronology Efforts

9.20.21 Well proposals sent to Parties

Federal Communitization Agreements (501H, 502H, 505H,

- 10.12.21 506H) to applicable parties
 State Communitization Agreements (502H, 505H, 506H) to applicable parties
 Ratifications of Federal Communitization Agreements (501H, 502H, 505H, 506H) sent to applicable parties
 Designation of Pooled Unit (505H, 506H) sent to applicable parties
- 10.18.21 OA Mailed to potential WIOs

Additional Pooling Agreements (Pooling Agmt, CA, Ratification of DPU) sent to applicable parties

10.26.21 Revised Ex A (correcting "C" and "D" interest) sent to parties

10.26.21-

present Ongoing OA negotiations

APPLICATION OF COG OPERATING LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22094, EDDY COUNTY, NEW MEXICO.

CASE NO. 22781 ORDER NO. R-22094 (Re-Open)

SELF-AFFIRMED STATEMENT OF DANA S. HARDY

1. I am attorney in fact and authorized representative of COG Operating, LLC, the Applicant herein.

2. I am familiar with the Notice Letter attached as **Exhibit B-1**.

3. The above-referenced Application was provided, along with the Notice Letter, to the recipients listed in **Exhibit B-2**. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received and includes copies of the certified mail green cards and white slips as supporting documentation for proof of mailing. Receipts were received from each party.

4. 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 3 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 next to my signature below.

<u>/s/ Dana S. Hardy</u> Dana S. Hardy <u>May 31, 2022</u> Date



HINKLE SHANOR LLP

ATTORNEYS AT LAW PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

hinklelawfirm.com

April 14, 2022

VIA CERTIFIED MAIL

TO ALL INTERESTED PARTIES SUBJECT TO NOTICE

Case No. 22781 - Application of COG Operating, LLC to Pool Additional Interest Re: Owners Under Order No. R-22094, Eddy County, New Mexico

To whom it may concern:

This letter is to advise you that COG Operating, LLC filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on June 2, 2022 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 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, 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.

Please do not hesitate to contact me if you have any questions about this matter.

Thank you for your attention to this matter.

COG Operating LLC Case No. 22781 Exhibit B-1

Very truly yours,

/s/ Dana S. Hardy Dana S. Hardy

DSH:sm Enclosure

PO BOX 10 ROSWELL, NEW MEXICO 88202 575-622-6510 (FAX) 575-623-9332 Released to Imaging: 5/31/2022 10:08:30 AM

PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

7601 JEFFERSON ST NE · SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321

APPLICATION OF COG OPERATING, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22094, EDDY COUNTY, NEW MEXICO

Case No. 22781

NOTICE LETTERS

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Devon Energy Production	04/14/22	5/3/22
Company, LP		
Attn: Land Department		
333 W. Sheridan Avenue		
Oklahoma City, OK 73102		
Marathon Oil Permian LLC	4/14/22	4/26/22
Attn: Land Department		
5555 San Felipe Street		
Houston, TX 77056		





SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION 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. 	x A2478 Breceived by (Printed Name)	C. Date of Delivery
Article Addressed to: Marathon Oil Permian LLC Attn: Land Department 5555 San Falipe St. Houston, TX 77056	D. Is delivery address different from If YES, enter delivery address t	
9590 9402 6746 1074 2376 94 2. Article Number (Transfer from service label) PO21 0950 0002 0364 5433	S. 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	Priority Mail Express® Registered Mail™ Registered Mail™ Registered Mail Restricter Delivery Signature Confirmation™ Signature Confirmation Restricted Delivery

Released to Imaging: 5/31/2022 10:08:30 AM