

DATE IN 3/1/17	SUSPENSE	ENGINEER LRL	LOGGED IN	TYPE NSL	APP NO. PKSC1713158935
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



NSL-7535

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Debora L. Wilbourn
 Print or Type Name

Debora L. Wilbourn
 Signature

Regulatory Analyst
 Title

3/1/17
 Date

dwilbourn@concho.com
 e-mail Address

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Monday, May 15, 2017 4:26 PM
To: 'Debora Wilbourn'
Cc: Jones, William V, EMNRD
Subject: NSL Application: Smalls Federal No. 7H

Importance: High

Debora,

Good afternoon,

As mentioned in our conversation this afternoon. The OCD needs the following to continue processing your NSL application for the well indicated above.

1. Who are the working interest in the W/2 W/2 of Section 28? If identical ownership then a signed statement from the Landman is needed to process your application.
2. The Director will not sign an administrative order for an unorthodox location request until an engineering reason is supported for the request. Your encroachment distances are less than 100 Feet (20 – 65 feet) to the W/2 W/2 of Section 28. If the operator is not the same, then return receipts are required for notification in the offset tract. Your engineer should provide the reason for the unorthodox location.

Your application is suspended until additional information is received at the OCD.

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/o cd/>

Lowe, Leonard, EMNRD

From: Debora Wilbourn <DWilbourn@concho.com>
Sent: Tuesday, May 16, 2017 1:32 PM
To: Lowe, Leonard, EMNRD; Jones, William V, EMNRD
Cc: Rand French; TJ Midkiff
Subject: RE: NSL Application: Smalls Federal No. 7H
Attachments: Smalls Federal #7H - NSL Federal Lease Serial Register Page.pdf; Smalls Federal #7H - NSL Engineering Justification.pdf

Importance: High

Mr. Lowe,

Attached are the following:

- Federal Serial Register Page identifying COG Operating LLC as the lessee and sole operator of Federal Lease #NMNM116047. This lease encompasses the whole of Sec. 28. COG Operating LLC owns 100% of the working interest under the lease in this section.
- Engineering statement supporting COG's request for the non-standard wellbore

Please let me know if you have any questions.

Debora Wilbourn

Regulatory Analyst
North Delaware Basin Asset Team
dwilbourn@concho.com
575.748.6958
Concho West | 2208 W Main St | Artesia, NM | 88210-3720 | 575.748.6940



From: Lowe, Leonard, EMNRD [<mailto:Leonard.Lowe@state.nm.us>]
Sent: Monday, May 15, 2017 4:26 PM
To: Debora Wilbourn
Cc: Jones, William V, EMNRD
Subject: [External] NSL Application: Smalls Federal No. 7H
Importance: High

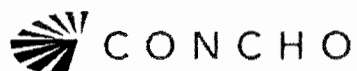
**** External email. Use caution. ****

Debora,

Good afternoon,

As mentioned in our conversation this afternoon. The OCD needs the following to continue processing your NSL application for the well indicated above.

1. Who are the working interest in the W/2 W/2 of Section 28? If identical ownership then a signed statement from the Landman is needed to process your application.



Memorandum

To: Leonard Lowe
Engineering Bureau
New Mexico Oil Conservation Division

From: T. J. Midkiff
Reservoir Engineering Lead
COG Operating LLC

Date: May 16, 2017

Subject: Overlapping stimulation of 2nd Bone Spring Reservoir

In order to effectively develop the reserves from the 2nd Bone Spring Sand of the Bone Spring pool, COG Operating LLC believes the wells need to be spaced according to the configuration proposed. Spacing greater than what has been proposed will result in stimulated reservoir volumes that do not overlap, which subsequently results in waste of an economic resource. It is important to understand that future development of these reserves will be compromised due to the presence of the previously stimulated and produced offset reservoir. COG's plan for development of said reserves has been proven by industry to be the most prudent and economic means for recovery.

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P432.683.7443 | F432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P575.748.6940 | F575.746.2096



IHS Markit

Serial Register Page

May 15, 2017

01 12-22-1987,101STAT1330,30USC181 ET SE

Case Type: O&g lse comp pd -1987

Serial Number: NMNM 116047

Commodity: Oil & gas

Acres: 960.000

Disposition: Authorized

Leases

Owner Name	Street	City	State	Zip	Net Acres	%Int
COG OPERATING LLC	600 W ILLINOIS AVE	MIDLAND	TX	79701-4882	960.000	100.00

Meridian: New Mex State: NM County: Lea

Township: 22 S Range: 34 E Admin Agency

Section: 15 S2; BUREAU OF LAND MGMT

Section: 28 ALL BUREAU OF LAND MGMT

Code	Action	Date	Remarks
299	Protest filed	4/4/2006	Forest Guardians etal
387	Case established	4/18/2006	200604057;
143	Bonus bid payment recd	4/19/2006	\$1920.00;
191	Sale held	4/19/2006	
267	Bid received	4/19/2006	\$2784000.00;
143	Bonus bid payment recd	4/26/2006	\$2782080.00;
298	Protest dismissed	6/7/2006	
237	Lease issued	6/9/2006	
974	Automated record verif	6/9/2006	BCO
496	Fund code	7/1/2006	05;145003
530	Rlty rate - 12 1/2%	7/1/2006	
868	Effective date	7/1/2006	
963	Case microfilmed	8/22/2006	
791	Terminat'n notice issued	10/4/2012	CLASS I;
974	Automated record verif	10/4/2012	LBO
284	Reinstatement filed	11/9/2012	1
282	Reinstatement approved	11/13/2012	CLASS I;
974	Automated record verif	11/13/2012	LBO
899	Trf of orr filed	6/23/2014	1
140	Asgn filed	7/10/2014	MCLEOD DO/COG OPERA;1

(2/2)

<u>Code</u>	<u>Action</u>	<u>Date</u>	<u>Remarks</u>
139	Asgn approved	9/1/2014	EFF 08/01/14;
974	Automated record verif	9/1/2014	MJD
650	Held by prod - actual	6/22/2016	/1/
658	Memo of 1st prod-actual	6/22/2016	/1/1H SMALLS;
643	Production determination	9/15/2016	/1/

Remarks

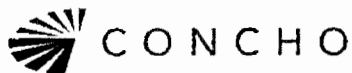
STIPULATIONS ATTACHED TO LEASE:

NM-11-LN SPECIAL CULTURAL RESOURCE

SENM-S-19 PLAYAS AND ALKALI LAKES

SENM-S-22 PRAIRIE CHICKENS

09/01/14 - PER ONRR RENTAL PAID 07/01/14



March 1, 2017

Oil Conservation Division
Attention: Mr. Leonard Lowe
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Unorthodox Well Location
Smalls Federal #7H **API# 30-025-43068**
SHL: 190' FSL 2010' FWL, (Unit N), Section 28-T22S-R34E
First Perf: 578' FSL 1385' FWL, Sec. 28-T22S-R34E
BHL: 261' FNL 1328' FWL, (Unit C), Section 28-T22S-R34E
Last Perf: 336' FNL 1330' FWL, Sec. 28-T22S-R34E
Lea County, New Mexico

Dear Mr. Lowe:

Pursuant to Division Rule 19.15.15.13, COG Operating LLC (COG) respectfully requests administrative approval of an unorthodox oil well location for its Smalls Federal #7H well. The producing interval of this well does not meet the 330' from the outer boundary of the producing area requirement. Attached is a Form C-102 showing the project area and the producing area of this well.

COG is seeking approval of the unorthodox location in order to maximize recovery of reserves. The New Mexico Oil Conservation Division's approval of the unorthodox completed interval for the Smalls Federal #7H well will allow for efficient recovery of reserves thereby preventing waste and improving well performance.

The affected offset tracts are the SW/4SW/4 and SE/4SW/4 of Section 21. Devon Energy Production Company, LP, is the designated operator both tracts. A notice letter of this application has been sent by certified mail this date to said designated operator. The notice letter advises the designated operator that in the event they have an objection to COG's application, they must file a written letter of objection with the Division within twenty (20) days from the date the Division received this application.

Thank you for your consideration of this application. Should you have questions or require further information, please contact me at 575-748-6958 or by email at dwilbourn@concho.com.

Sincerely,

A handwritten signature in cursive script that reads "Debora L. Wilbourn".

Debora L. Wilbourn
Regulatory Analyst

Enclosure
cc: OCD Artesia

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P432.683.7443 | F432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P575.748.6940 | F575.746.2096

DISTRICT I
1625 N. FRENCH DR., MOORE, NM 88240
Phone: (505) 393-0181 Fax: (505) 393-0720

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

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-8176 Fax: (505) 334-8170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-43068	Pool Code 97922	Pool Name WC-025 G-06 S223421L; Bone Spring
Property Code 315744	Property Name SMALLS FEDERAL	Well Number 7H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3411.0'

Surface Location

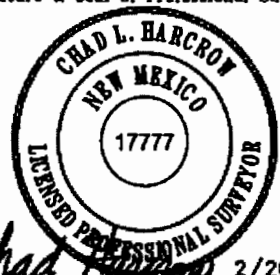
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	28	22-S	34-E		190	SOUTH	2010	WEST	LEA

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
C	28	22-S	34-E		261	NORTH	1328	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>1328' B.H.</p> <p>Y=499302.1 N X=763831.0 E</p> <p>NAD 27 NME BOTTOM HOLE LOCATION Y=499041.1 N X=763839.6 E LAT.=32.369083° N LONG.=103.478796° W</p> <p>DRILL PATH</p>	<p>261'</p> <p>Y=499310.3 N X=765152.1 E</p> <p>LOWER PERF - 14,705' 336' FNL & 1330' FWL</p> <p>PRODUCING AREA</p> <p>PROJECT AREA</p> <p>BOREPATH SHOWN HEREON IS BASED ON DIRECTIONAL SURVEY REPORT PROVIDED BY COG OPERATING, LLC FOR THE SMALLS FEDERAL COM #7H SUPPLIED TO HARCROW SURVEYING, LLC ON FEBRUARY 13, 2017</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Debra L. Wilbourn</i> Signature Date 3/1/17</p> <p>Debra L. Wilbourn Printed Name</p> <p>dwlilbourn@concho.com E-mail Address</p>
<p>NAD 27 NME SURFACE LOCATION Y=494219.9 N X=764553.4 E LAT.=32.355816° N LONG.=103.476610° W</p> <p>2010'</p>	<p>UPPER PERF - 10,336' 578' FSL & 1385' FWL</p> <p>S.L.</p> <p>Y=494024.7 N X=763865.7 E</p> <p>Y=494035.8 N X=765186.9 E</p> <p>190'</p>	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 17, 2016/NOVEMBER 9, 2016 Date of Survey/Date of Geographic Survey</p> <p>Signature & Seal of Professional Surveyor</p> <p></p> <p><i>Chad L. Harcrow</i> Certificate No. CHAD HARCROW 17777 W.O. # 17-194 DRAWN BY: CF</p>



T22S-R34E, Lea County

Smalls Federal #7H



Legend

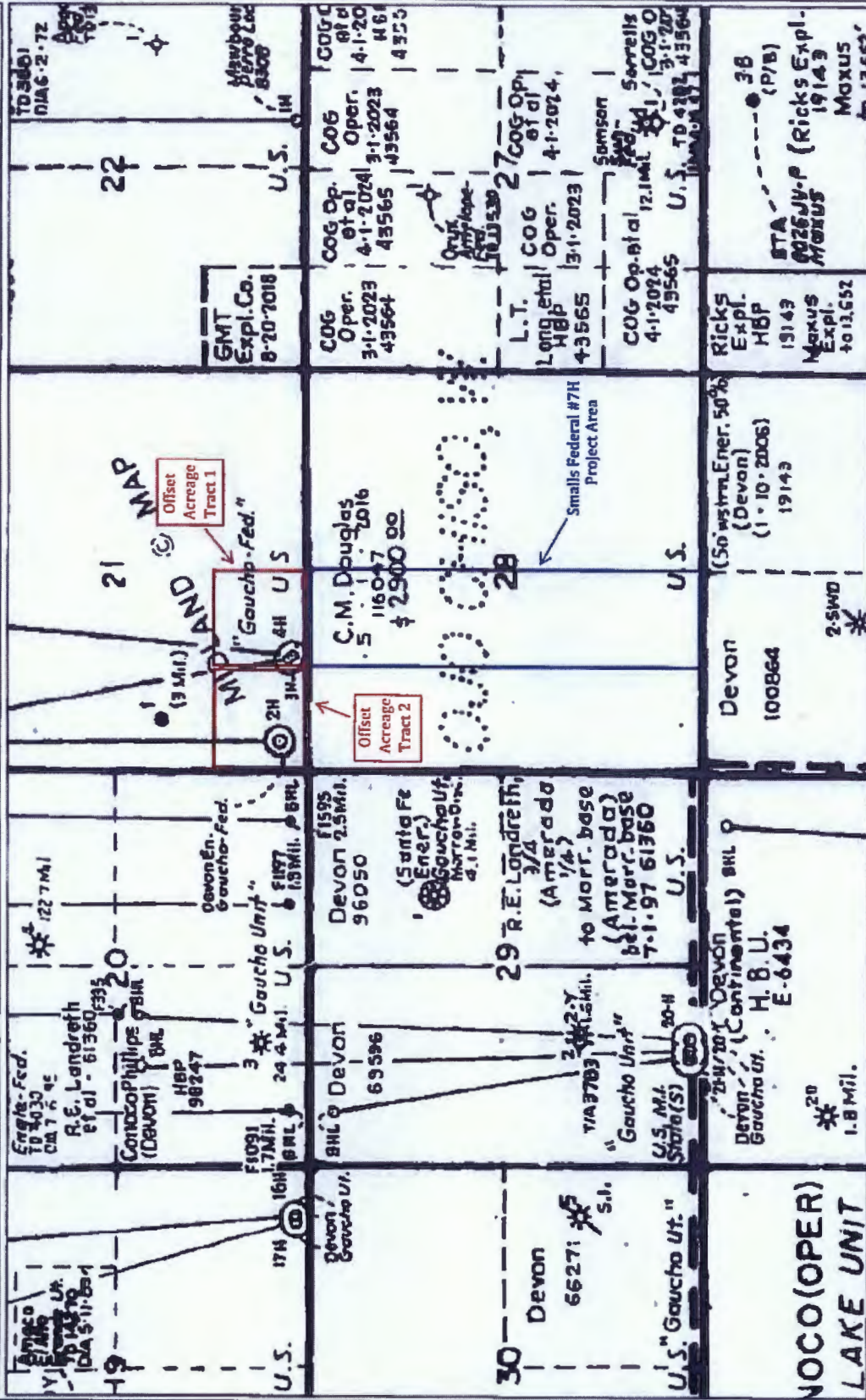
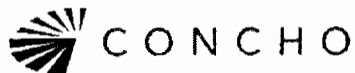


Figure 1 is a horizontal bar chart titled 'Percentage' on the x-axis. The x-axis has major tick marks at 0, 0.4, and 0.8. The y-axis lists age groups: 0-14, 15-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75-84, and 85+. Each age group has a corresponding horizontal bar. The bars for 0-14, 15-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75-84, and 85+ all extend to the 0.4 mark on the x-axis. The bar for 85+ is slightly shorter, extending to approximately 0.35.

Map Scale 1:18,055





March 1, 2017

Certified Mail – Return Receipt Requested
7016 2070 0000 8090 8326

Devon Energy Production Co., LP
333 W. Sheridan Ave.
Oklahoma City, OK 73102

Re: Application for Unorthodox Well Location
Smalls Federal #7H **API# 30-025-43068**
SHL: 190' FSL 2010' FWL, (Unit N), Section 28-T22S-R34E
First Perf: 578' FSL 1385' FWL, Sec. 28-T22S-R34E
BHL: 261' FNL 1328' FWL, (Unit C), Section 28-T22S-R34E
Last Perf: 336' FNL 1330' FWL, Sec. 28-T22S-R34E
Lea County, New Mexico

Gentlemen:

Attached is a copy of COG Operating LLC (COG)'s revised Application for Unorthodox Well Location for the Smalls Federal #7H well, the SHL of which is located in Sec. 28-T22S-R34E, Lea County, New Mexico. This application is being revised, as one of the offset tracts was inadvertently left off the previous application. You are being sent a copy of this Application per OCD's requirement to notify the working interest owners of the offset affected acreage. If you have any objection to this Application, notification should be given to OCD within 20 days of receipt of this letter.

COG is seeking approval of the unorthodox location in order to allow for the efficient recovery of reserves thereby preventing waste.

If you have any questions regarding this application, please contact Danny Kidwell at 432-685-2535 or Ryan Owen at 432-818-2327 or by email at dkidwell@concho.com or rowen@concho.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Debora L. Wilbourn".

Debora L. Wilbourn
Regulatory Analyst

Enclosure

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P 432.683.7443 | F 432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P 575.748.6940 | F 575.746.2096

SMALLS FEDERAL #7H - API# 30-025-43068**Application for Non Standard Location****Notification List**

<i>Date Sent</i>	<i>Initials</i>	<i>Tracts</i>	<i>Sent Certified Return Receipt to:</i>	<i>Receipt No.</i>	<i>Rec'd</i>
03/01/17	DLW	1 & 2	Devon Energy Production Co., LP., 333 W. Sheridan Ave., Oklahoma City, OK 73102	7016 2070 0000 8090 9326	<i>3/3/17</i> <i>3/26/17</i>

Mailed 03/01/17

Debora L. Wilbourn

USPS Tracking® Results

FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Remove X

Tracking Number: 70162070000080909326



Delivered

Updated Delivery Day: Monday, March 6, 2017 ⓘ


Product & Tracking Information

See Available Actions

Postal Product:

Features:
Certified Mail™

DATE & TIME	STATUS OF ITEM	LOCATION
March 6, 2017, 8:32 am	Delivered	OKLAHOMA CITY, OK 73102
Your item was delivered at 8:32 am on March 6, 2017 in OKLAHOMA CITY, OK 73102.		
March 6, 2017, 7:34 am	Arrived at Unit	OKLAHOMA CITY, OK 73102
March 6, 2017, 1:00 am	Departed USPS Facility	OKLAHOMA CITY, OK 73107

DATE & TIME	STATUS OF ITEM	LOCATION
March 4, 2017, 8:46 pm	Arrived at USPS Facility	OKLAHOMA CITY, OK 73107
<hr/>		
See More 		

Available Actions

See Less 

Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

FAQs (<http://faq.usps.com/?articleId=220900>)

Lowe, Leonard, EMNRD

From: Debora Wilbourn <DWilbourn@concho.com>
Sent: Thursday, May 11, 2017 3:13 PM
To: Lowe, Leonard, EMNRD
Cc: Rand French
Subject: FW: Smalls Federal #7H NSL Application - Revised
Attachments: Smalls Federal #7H NSL Application - Revised.pdf; Smalls Federal #7H NSL Application - Devon Delivery Confirmation.pdf

Mr. Lowe,

Could you please check on the progress of this application? I have attached a copy of the delivery confirmation on the offset owner.

Debora Wilbourn

Regulatory Analyst
North Delaware Basin Asset Team
dwilbourn@concho.com
575.748.6958
Concho West | 2208 W Main St | Artesia, NM | 88210-3720 | 575.748.6940



From: Debora Wilbourn
Sent: Wednesday, March 01, 2017 4:40 PM
To: Leonard.Lowe@state.nm.us
Subject: Smalls Federal #7H NSL Application - Revised

Mr. Lowe,

I noticed that I inadvertently left out an offset tract on the NSL application I submitted on Monday, Feb 27th. Please replace that NSL application with this one.

Debora Wilbourn

Regulatory Analyst
NM Basin Asset Team
dwilbourn@concho.com
575.748.6958
Concho West | 2208 W Main St | Artesia, NM | 88210-3720 | 575.748.6940



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From: [Lowe, Leonard, EMNRD](#)
To: ["Debora Wilbourn"](#)
Cc: [Brown, Maxey G, EMNRD](#); [Kautz, Paul, EMNRD](#); ["lisa@rwbyram.com"](#); ["jglover@blm.gov"](#); [Jones, William V, EMNRD](#); [Goetze, Phillip, EMNRD](#); [McMillan, Michael, EMNRD](#)
Subject: NSL-7535_Smalls Federal Well No. 7H_API 30-025-43068_SEC 28 22S 34E_Lea County
Date: Wednesday, May 31, 2017 10:41:00 AM
Importance: High

Ms. Debora Wilbourn,

The following administrative order has been issued and will soon be available on the Division's web site:

<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

NSL-7535

COG Operating, LLC

API #: 30-025-43068

WELL: Smalls Federal Well No. 7H

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>