

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

IN RE COG OPERATING LLC

NMOCD-ACO-288-O

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and COG Operating LLC ("Operator") enter into this Agreed Compliance Order ("Order").

FINDINGS OF FACT

I. GENERAL PROVISIONS

1. OCD is charged with the administration and enforcement of the Act and the rules adopted thereunder.
2. Operator is the operator of record under OGRID 229137 for 1663 wells in the state of New Mexico.
3. OCD has jurisdiction over Operator and these wells.
4. OCD is authorized to sanction Operator for the alleged violation(s) described below, including denial of registration (19.15.9.8(B) NMAC), denial of change of operator (19.15.9.9(C)(1) NMAC), denial or revocation of an injection permit (19.15.26.8(A)(2) NMAC), denial of an application for a drilling permit (19.15.14.10(A) NMAC), and denial of allowable and authorization to transport (19.15.16.20(A)(4) NMAC).
5. Operator requests the Order in order to avoid these sanctions for the alleged violation(s) described below.
6. Operator admits the findings of fact and waives any right to appeal from the Order.

II. ALLEGED VIOLATIONS

A. INACTIVE WELLS

7. Pursuant to 19.15.5.9(A)(4) NMAC, Operator shall not have more than 10 wells that are out of compliance with 19.15.25.8 NMAC, and that are not subject to an agreed compliance order setting a schedule for bringing the wells into compliance.

8. Operator has 48 wells that are out of compliance, or will be out of compliance, with 19.15.25.8 NMAC, and that are not subject to an agreed compliance order setting a schedule for bringing the wells into compliance. See Exhibit A.

B. FINANCIAL ASSURANCE

9. Pursuant to 19.15.8.9 NMAC, Operator shall provide a specified amount of financial assurance for active and inactive wells.

C. PRODUCTION REPORTS

11. Pursuant to 19.15.57.24(B) NMAC, Operator shall submit a production report on or before the 15th day of the second month following the month of production.

III. ORDER

A. INACTIVE WELLS

1. No later than December 31, 2021, Operator shall take one of the following actions on no less than **eight (8)** of the wells identified in Exhibit A, over the next six (6) months:
 - (a) restore the well to production and file a C-115;
 - (b) Plug the well in accordance with 19.15.25.10 NMAC and file a C-103; or
 - (c) place the well on approved temporary abandonment status in accordance with 19.15.25 NMAC.
2. If Operator fails to comply with preceding paragraph for a well identified in Exhibit A, the well shall be deemed to be out of compliance with 19.15.25.8 NMAC, and not subject to an agreed compliance order setting a schedule for bringing the wells into compliance.
3. Operator shall not transfer to another operator a well identified on Exhibit A unless approved in writing by OCD.
4. No later than the 15th day of each month following the entry of this Order, Operator shall file a report describing the action taken for each well identified in Exhibit A and such other information as OCD may request for time to time. The report shall be sent by first class or electronic mail to OCD's Enforcement and Compliance Manager.

B. FINANCIAL ASSURANCE

C. PRODUCTION REPORTS

6. No later than _____, Operator shall file the production reports for the wells identified in Exhibit B.

D. ENFORCEMENT

7. If Operator fails to comply with the Order, OCD is authorized to enforce the Order pursuant to 19.15.5.10 NMAC.
8. If Operator fails to comply with Sections II.A or II.B the Order with respect to a well identified in Exhibit A, such well shall be considered to be out of compliance with 19.15.25.8 NMAC, and not subject to an agreed compliance order setting a schedule for bringing the wells into compliance.
9. If Operator fails to comply with Section III, it shall pay a stipulated penalty from the date compliance is required until the date on which it demonstrates compliance:
- A(1) \$100 per well per day
 - A(4) \$50 per report per day
 - B \$50 per well per day
 - C \$50 per report per day
10. Notwithstanding the foregoing provisions, OCD reserves the right to apply for authorization to plug a well identified in Exhibit A and to forfeit the applicable financial assurance if the well poses an imminent threat to the public health or environment.
11. OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.

NEW MEXICO OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 6/22/2021

COG Operating LLC



Joshua J. Viets
Vice President, Delaware Basin

Date: 6-21-2021

EXHIBIT A

**Total Well Count: 1663 Inactive Well Count: 31
Printed On: Thursday, June 17 2021**

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-37842	AIRSTIP 6 STATE COM #001	7-06-19S-35E	M	229137	COG OPERATING LLC	S	O	11/2019	WOLFCAMP INT REMEDIAL WK 12-06-2011		
2	30-015-34045	BAR W FEE #004	M-10-22S-27E	M	229137	COG OPERATING LLC	P	O	08/2019	ESPERANZA DELAWARE 226-40 40		
2	30-015-34047	BAR W FEE #005	N-10-22S-27E	N	229137	COG OPERATING LLC	P	O	08/2019	ESPERANZA DELAWARE 226-40 40		
2	30-015-25805	BASS #002	L-01-22S-27E	L	229137	COG OPERATING LLC	P	G	12/2018			
2	30-015-04204	BURCH KEELY UNIT #095	J-19-17S-30E	J	229137	COG OPERATING LLC	F	I	10/2017		P	
2	30-015-34038	CHAPARRAL 14 FEDERAL COM #001	I-14-19S-31E	I	229137	COG OPERATING LLC	F	G	07/2019	W LUSK MORROW 808-40 320 E		
2	30-015-32815	DRY LAND SHINER FEDERAL #001	I-03-21S-25E	A	229137	COG OPERATING LLC	F	G	09/2014	BONE SPRING		
1	30-025-31976	EMERALD FEDERAL #001	M-10-22S-32E	M	229137	COG OPERATING LLC	F	O	09/2019	DELAWARE		
1	30-025-32975	FEDERAL 12 #002	H-12-19S-32E	H	229137	COG OPERATING LLC	F	O	02/2017	BONE SPRING		
1	30-025-26184	FEDERAL 7 #002	2-07-19S-33E	E	229137	COG OPERATING LLC	F	O	11/2016	PENNSYLVANIAN		
1	30-025-30645	GERONIMO FEDERAL #001	I-31-19S-33E	D	229137	COG OPERATING LLC	P	O	03/2018	BONE SPRING / DELAWARE DHC		
1	30-025-34258	GETTYSBURG 16 STATE SWD #001	J-16-23S-34E	J	229137	COG OPERATING LLC	S	S	11/2019	SWD-1416 08-01-2014 FIRST INJECTION		
2	30-015-37053	GRAVY STATE COM #001H	F-08-25S-30E	F	229137	COG OPERATING LLC	S	O	09/2018	WILDCAT, BONE SPRING		
2	30-015-22007	HONDO STATE COM #001	E-32-20S-28E	E	229137	COG OPERATING LLC	S	G	11/2019			
1	30-025-35244	LUSK DEEP UNIT A #019	N-17-19S-32E	N	229137	COG OPERATING LLC	F	S	10/2018	STRAWN /		
1	30-025-45256	LYCHEE STATE COM #003H	N-22-21S-34E	N	229137	COG OPERATING LLC	S	O	08/2019	BONE SPRING		
2	30-015-35878	MICHALADA FEDERAL #004D	G-03-22S-25E	G	229137	COG OPERATING LLC	F	O	04/2019	AZOTEA MESA		
2	30-015-33281	NUTRAGEOUS FEDERAL COM #002	I-03-22S-27E	I	229137	COG OPERATING LLC	F	G	07/2019	S CARLSBAD MORROW		
2	30-015-32196	PAPPYS PREFERENCE FEDERAL #001	C-04-26S-29E	C	229137	COG OPERATING LLC	F	O	07/2016			
1	30-025-38600	PICK SWD #002	J-23-18S-33E	J	229137	COG OPERATING LLC	S	S	05/2019	DLWR/ CONV TO SWD 12/19-08 SWD1155		
1	30-025-37227	PROHIBITION 12 FEDERAL #008	L-12-22S-32E	L	229137	COG OPERATING LLC	F	O	07/2019	BONE SPRING		
1	30-025-29141	RED RAIDER BKS STATE #001	J-25-24S-33E	J	229137	COG OPERATING LLC	S	O	08/2019	REENTRY YATES		
2	30-015-35102	SCARED HAWK STATE COM #001	I-04-25S-28E	A	229137	COG OPERATING LLC	S	O	02/2018	WILLOW LAKE, DELAWARE, SW		
2	30-015-36559	SHOWSTOPPER 7 FEDERAL COM #001H	A-07-25S-29E	A	229137	COG OPERATING LLC	F	O	08/2016	DELAWARE		
2	30-015-34039	SLY HAWK STATE #002	F-03-25S-28E	F	229137	COG OPERATING LLC	S	O	12/2018	SW WILLOW LAKE: DEL 96855 80 C&F		
1	30-025-26810	SMITH RANCH FEDERAL #001	E-11-20S-33E	E	229137	COG OPERATING LLC	F	O	12/2019			
2	30-015-37467	SRO STATE COM #006H	D-05-26S-28E	D	229137	COG OPERATING LLC	S	O	10/2019	Bone Spring		
2	30-015-37548	SRO STATE COM #008H	P-02-26S-28E	P	229137	COG OPERATING LLC	S	O	11/2017	NOI TO P&A OCD 07/21/2020		
1	30-025-36034	TROLL 10 FEDERAL #001	N-10-19S-33E	N	229137	COG OPERATING LLC	F	O	01/2020	SEVEN RIVERS		

2	30-015-26774 UNOCAL-HPC FEDERAL #001	G-01-22S-31E G	229137 COG OPERATING LLC	F	O	03-2017	
2	30-015-32976 ZARAF A FF FEDERAL #002	K-12-21S-24E K	229137 COG OPERATING LLC	F	O	10-2014	BONE SPRING

**The wells below shall
also be included in this
ACOI**

1	30-025-40718	BOMBAY BSB FEDERAL COM #001H
2	30-015-34038	CHAPARRAL 14 FEDERAL COM #001
1	30-025-38420	CIRRUS FEDERAL COM #001
1	30-025-42347	FEZ FEE #011H
2	30-015-33600	GEHRIG FEDERAL #001
1	30-025-38115	GEORGE FEDERAL COM #002
2	30-015-38488	HONEY GRAHAM STATE COM #006H
2	30-015-35710	IRISH WHISKEY FEDERAL #003H
2	30-015-42135	JACK FEDERAL #005H
2	30-015-34644	LIVINGSTON RIDGE 36 STATE #001
2	30-015-33212	LOTSAWHISKEY FEDERAL #001
2	30-015-36462	SKITTLES FEDERAL #002
2	30-015-37425	SRO STATE COM #005H
1	30-025-33395	STATE BG COM #001
1	30-025-20814	STRING BEAN FEDERAL COM #002
1	30-025-31635	WEST CORBIN 13 FEDERAL #001
2	30-015-33062	WILD CAP STATE COM #001