APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 20931

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Application

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 - A. Map of Location of Sebastian Federal Com #704H well
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APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. <u>2093/</u>

APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating LLC ("COG") applies for an order pooling all uncommitted mineral interests in the Wolfcamp formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 18, Township 24 South, Range 34 East in Lea County, New Mexico. In support of its Application, COG states:

- 1. COG (OGRID No. 229137) is a working interest owner in the W/2 E/2 of Section 18 and has the right to drill a well thereon.
- 2. The horizontal spacing unit will be dedicated to the Sebastian Federal Com #704H well, which will be horizontally drilled from a surface location in Unit B to a bottom hole location in Unit O in Section 18, Township 24 South, Range 34 East.
 - 2. The completed interval for the well will be orthodox.
- 3. COG has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well but has been unable to obtain voluntary agreements from all of the mineral interest owners.
- 4. The pooling of all uncommitted mineral interests in the Wolfcamp formation underlying the W/2 E/2 of Section 18 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

5. In order to allow COG to obtain its just and fair share of the oil and gas underlying

the subject lands, all uncommitted mineral interests in the horizontal spacing unit should be pooled.

WHEREFORE, COG requests that this application be set for hearing on December 12,

2019 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying

the W/2 E/2 of Section 18, Township 24 South, Range 34 East;

B. Designating COG as the operator of the Sebastian Federal Com #704H well;

C. Authorizing COG to recover its costs of drilling, equipping, and completing the

Sebastian Federal Com #704H well and allocating the costs among the well's working interest

owners;

D. Approving the actual operating charges and costs of supervision during drilling and

after completion, together with a provision for adjusting the rates pursuant to the COPAS

accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by COG in drilling and completing

the Sebastian Federal Com #704H well against any mineral interest owner who does not

voluntarily participate in the drilling of the well.

Respectfully submitted.

HINKLE SHANOR LLP

Gary W. Larson

Dana S. Hardy

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623 glarson@hinklelawfirm.com

dhardy@hinklelawfirm.com

Counsel for COG Operating LLC

2

APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 20931

SELF-AFFIRMED STATEMENT OF MATTHEW SOLOMON

- 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 for COG Operating, LLC ("COG"). I have previously testified before the New Mexico Oil Conservation Division, and my qualifications as an expert in petroleum land matters were accepted.
- 3. I have had direct involvement with COG's development of the 160-acre, more or less, standard horizontal spacing unit ("HSU") that is the subject of COG's application in this case.
- 4. The HSU is comprised of the W/2 E/2 of Section 18, Township 24 South, Range 34 East in Lea County, New Mexico.
- 5. COG seeks to pool all uncommitted interests in the Wolfcamp formation underlying the HSU. A chart of tract ownership and identification of the respective working interests is attached as Exhibit A. 99.56% of the working interests are committed to the proposed well.
- 6. The HSU will be dedicated to the Sebastian Federal Com #704H well, which will be horizontally drilled from a surface location in Unit B to a bottom hole location in Unit O in Section 18, Township 24 South, Range 34 East. The completed interval for the well will be orthodox. The C-102 for the well is attached as Exhibit B.
 - 7. There are no depth exceptions in the Wolfcamp formation.

Case No. 20931

COT Operating, Inc.

Exhibit 1

- 8. I sent a well proposal letter to all locatable interests. A copy of my letter is attached as Exhibit C. The only locatable interest has committed to the proposed well.
- 9. In my opinion, COG has made a good faith effort to obtain the voluntary joinder of uncommitted interests in the proposed well.
- 10. Notice of COG's application and the Division hearing was provided to several parties who were identified as having unmarketable title. A sample of the notice letter and associated green cards are attached as Exhibit D.
- 11. Notice of COG's application and the Division hearing was also published. The affidavit of publication is attached as Exhibit E.
 - 12. COG has the right to pool the interests of any overriding royalty owners in the HSU.
- 13. The AFEs for the proposed wells are attached hereto as Exhibit F. The estimated cost of the wells is fair and reasonable and is comparable to the cost of other wells of similar depth and length drilled in Lea County.
- 14. COG requests overhead and administrative rates of \$7,000 per month while the wells are being drilled and \$700 per month while the wells are producing. These rates are fair and are comparable to the rates charged by COG and by other operators in the vicinity. They are also the rates set forth in the Joint Operating Agreement for the HSU. COG further requests that the rates be adjusted periodically in accordance with the COPAS Accounting Procedure.
 - 15. COG requests that it be designated the operator of the wells.
- 16. COG also requests that a 200% risk charge be assessed against the uncommitted interests if they are non-consenting working interest owners.
- 17. The exhibits attached hereto were either prepared by me or under my supervision, or were compiled from company business records.

- 18. In my opinion, the granting of COG's application would serve the interests of conservation and the prevention of waste.
- 19. 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 18 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.

Matthew Solomon

12.10.19 Date

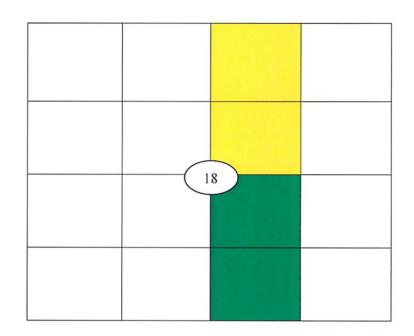
Case No. 20931 Sebastian Federal Com 704H

W2E2 of Section 18, T24S-R34E, NMPM, Lea County, New Mexico









Unit Working Interest

COG Operating LLC	96.688802%
COG Production LLC	2.427642%
Cloma Perkins **	0.441778%
Joel Talley **	0.441778%
	100.000000%

^{**}Unleased Minerals

Pooling Notification List

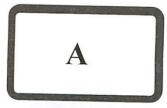
Working Interest Owners

COG Operating, LLC 600 W. Illinois Ave. Midland, Texas 79701

COG Operating, LLC 600 W. Illinois Ave. Midland, Texas 79701

Joel Talley 600 Marienfeld St, Ste 807 Midland, TX 79701

Cloma Perkins Address unknown



Unmarketable Title

Estate of Stanley J. Pirtle/C.O. Vaughn Pirtle 323 Tanglewood Hollow Blanchard OK 73010

Estate of Stanley J. Pirtle/C.O. Linda Black 5304 Holly Bellaire, TX 77401

Vaughn Pirtle 323 Tanglewood Hollow Blanchard OK 73010

Linda Black 5304 Holly Bellaire, TX 77401

Energen Resources Corp. 600 Richard Arrington Jr Blvd N. Birmingham AL 35203

Estate of Fred McCright/C.O. Patricia Simmons 2 Round Rock Circle Richardson TX 75080

Estate of Frankie McCright/C.O. Patricia Simmons 2 Round Rock Circle Richardson TX 75080

Shirley Ann Roach 818 S. San Jose Abilene TX 79605

William H. Roach 818 S. San Jose Abilene TX 79605

Estate of Paul D. Henderson/C.O. Karen Ledbetter 747 Bison Houston TX 77079

Estate of Paul D. Henderson/C.O. Greta Massing 50 Turnin Lane Mobile AL 36608

DISTRICT I

DISTRICT II 811 S. FIRST ST., ARTESIA, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

State of New Mexico 1885 N. FRENCH DR., HOBBS, NM 88240 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

DISTRICT III 1000 RIO BRAZOS RD., AZTEC, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87505 Phone: (505) 478-3480 Fax: (505) 476-3462

☐ AMENDED REPORT

WELL LOCATION AND	ACREAGE DEDICATION	PLAT
Pool Code	BBJ101111011	Pool Name
31/0/0/00	ACESATION DISTRICTORNAL OF	Well Number
SEBASTIAN	FEDERAL COM	704H
	Pool Code	WELL LOCATION AND ACREAGE DEDICATION Pool Code Property Name SEBASTIAN FEDERAL COM

OGRID No. Operator Name Elevation COG OPERATING, LLC 3585.8

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
В	18	24-S	34-E		250	NORTH	2225	EAST	LEA

Bottom Hole Location If Different From Surface

ſ	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	0	18	24-S	34-E		50	SOUTH	2310	EAST	LEA
	Dedicated Acres	Joint o	r Infill Co	nsolidation (Code Or	der No.				1
L										

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

LOT 1 39.32 Ac	<u>Y=446443.7 N</u> X=755048.8 E	2225' Y=446455.2 N X=756372.4 E	OPERATOR CERTIFICATION 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.
LOT 2	100' FNL & 2310' FEL Y=446346.6 N X=755386.9 E LAT.=32.224426' N LONG.=103.507485' W GRID AZ. TO FTP 329'51'00" 220 220 220 220 220 220 220	NAD 27 NME SURFACE LOCATION Y=446197.4 N X=755473.6 E LAT.=32.224014' N LONG.=103.507208' W	Signature Date Printed Name
39.42 Ac LOT 3	GRID HORZ		E-mail Address SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field
LOT 3	LEASE X-ING LAT.=32.217447' N LONG.=103.507477' W 100' FSL & 2310' FEL Y=441269.0 N X=755430.7 E	NAD 27 NME <u>PROPOSED BOTTOM</u> <u>HOLE LOCATION</u> Y=441219.0 N X=755431.2 E LAT.=32.210330° N	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. SEPTEMBER 23, 2019 Date of Survey Signature & Seal of Professional Surveyor
39.51 Ac LOT 4	LAT.=32.210468' N LONG.=103.507469' W	LONG. = 103.507469* W	LICENS 17777 BOAS
39.60 Ac	Y=441166.3 N X=755101.6 E	Y=441177.1 N X=756421.6 E	17777 # 19-2019 DRAWN BY: VD

CHICATIOMAN



September 23, 2019

Joel Talley c/o Tacor Resources Inc. 600 Marienfeld St.., Ste 807 Midland, Tx 79701

Re: Sebastian Federal Com Wells Proposal

Sec 18: E/2 - T24S-R34E Sec 19: E/2 - T24S-R34E Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC ("COG"), as Operator, hereby proposes to drill the following wells located in the E/2 of Section 18 and 19, 24S-34E, Lea County, New Mexico:

The Sebastian Federal Com 703H well has a surface hole location of 260' FNL and 2225' FEL of Section 18 and a bottom hole location of 50' FSL and 990' FEL of Section 19, 24S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,365' and a MD of approximately 22,500' to test the Wolfcamp Formation ("Operation"). The total cost of the Operation is estimated to be \$14,571,989.00, and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

The Sebastian Federal Com 704H well has a surface hole location of 260' FNL and 2225' FEL of Section 18 and a bottom hole location of 50' FSL and 2310' FEL of Section 19, 24S-34E, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,365' and a MD of approximately 22,500' to test the Wolfcamp Formation ("Operation"). The total cost of the Operation is estimated to be \$14,571,989.00, and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement dated October 1, 2019 by and between COG Operating LLC as Operator, and EOG Resources, Inc., et al, as Non-Operators.

If you have any questions, contact the undersigned at (432) 685-4352 or msolomon@concho.com.

Respectfully,

Matt Solomon Staff Landman

	I/We hereby elect to participate in the Sebastian Federal Com 703H.
	I/We hereby elect <u>not</u> to participate in the Sebastian Federal Com 703H.
	I/We hereby elect to participate in the Sebastian Federal Com 704H.
	I/We hereby elect <u>not</u> to participate in the Sebastian Federal Com 704H.
Company:	EOG Resources, Inc.
By:	
Name:	
Title:	
Doto	



HINKLE SHANOR LLP

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

November 20, 2019

....

WRITER:

Dana Hardy

Partner

dhardy@hinklelawfirm.com

VIA CERTIFIED MAIL

Estate of Paul D. Henderson c/o Karen Ledbetter 747 Bison Houston, TX 77079

Re: COG Operating LLC NMOCD Application

Dear Ms. Ledbetter:

Enclosed is a copy of an application for compulsory pooling that COG Operating LLC ("COG") has filed with the New Mexico Oil Conservation Division ("the Division"). COG's application requests an order pooling all uncommitted mineral interests in the Wolfcamp formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 18, Township 24 South, Range 34 East in Lea County, New Mexico.

This matter (Division Case No. 20931) is scheduled for hearing at 8:15 a.m. on Thursday, December 12, 2019 in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Estate of Paul D. Henderson ("the Estate") is not required to attend this hearing, but as an owner of an interest that may be affected by COG's application, it may appear at the hearing and present testimony. If the Estate does not appear at that time and become a party of record, it will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, December 5, 2019. The Pre-Hearing Statement must be filed with the Division's Santa Fe office at the address above, and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

DH/lk

Enclosure

PO BOX 10 ROSWELL, NEW MEXICO 88202 575-622-6510 (FAX) 575-623-9332 PO BOX 1720 ARTESIA, NEW MEXICO 88211 575-622-6510 (FAX) 575-746-6316 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

Mailing List – COB Sebastian

Estate of Stanley J. Pirtle c/o Vaughn Pirtle 323 Tanglewood Hollow Blanchard, OK 73010

Estate of Stanley J. Pirtle c/o Linda Black 5304 Holly Bellaire, TX 77401

Vaughn Pirtle 323 Tanglewood Hollow Blanchard, OK 73010

Linda Carol Black 5304 Holly Bellaire, TX 77401

Energen Resources Corp. 600 Richard Arrington Jr. Blvd. N Birmingham, AL 35203

Estate of Fred McCright c/o Patricia Simmons 2 Round Rock Circle Richardson, TX 75080

Estate of Frankie McCright c/o Patricia Simmons 2 Round Rock Circle Richardson, TX 75080

Shirley Ann Roach 818 S. San Jose Abilene, TX 79605

William H. Roach 818 S. San Jose Abilene, TX 79605

Estate of Paul D. Henderson c/o Karen Ledbetter 747 Bison Houston, TX 77079 Estate of Paul D. Henderson c/o Greta Massing 50 Turnin Lane Mobile, AL 36608

New Mexico Department of Transportation Attn: Property Asset Mgmt. Mgr. 1120 Cerrillos Rd. Santa Fe, NM 87505

Cloma Perkins (publication)

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Article Number Granefor from service Johan. 7018 2290 0000 3433 149 S Form 3811, July 2015 PSN 7530-02-000-9053 ENDER: 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. Artir William H. Roach 818 S. San Jose	Collect on Delivery Collect on Delivery Restricted Delivery lestricted Delivery (over \$500) COMPLETE THIS SECTION ON I A. Signature B. Received by (Phinted Name) Is delivery address different from	□ Return Receipt for Merchandise □ Signature Confirmation □ Signature Confirmation Restricted Delivery □ Domestic Return Receipt □ Agent □ Addressee □ C. Date of Delivery □ Item 12 □ Yes
Article Number (Transfor from service John). 7018 2290 0000 3433 145 S Form 3811, July 2015 PSN 7530-02-000-9053 ENDER: 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. Artir William H. Roach 818 S. San Jose Abilene, TX 79605	Collect on Delivery Collect on Delivery Restricted Delivery Lestricted Delivery (over \$500) COMPLETE THIS SECTION ON D A. Signature B. Received by (Phinted Name) Is delivery address different from If YES, enter delivery address b	□ Return Receipt for Merchandise □ Signature Confirmation □ Signature Confirmation Restricted Delivery □ Agent □ Addressee □ C. Date of Delivery □ Item 1? □ Yes □ No
Article Number Genefor from service Johan. 7018 2290 0000 3433 149 S Form 3811, July 2015 PSN 7530-02-000-9053 ENDER: 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. Artir William H. Roach 818 S. San Jose Abilene, TX 79605	Collect on Delivery Collect on Delivery Restricted Delivery lestricted Delivery (over \$500) COMPLETE THIS SECTION ON DELIVERY B. Received by (Phinted Name) Is delivery address different from If YES, enter delivery address by Service Type Adult Signature	□ Return Receipt for Merchandise □ Signature Confirmation □ Signature Confirmation Restricted Delivery □ Agent □ Addressee □ C. Date of Delivery □ Item 1? □ Yes □ Yes □ No
Article Number Genetar from sension lebell. 7018 2290 0000 3433 145 S Form 3811, July 2015 PSN 7530-02-000-9053 ENDER: 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. Artir' William H. Roach 818 S. San Jose Abilene, TX 79605	Collect on Delivery Collect on Delivery Restricted Delivery lestricted Delivery (over \$500) COMPLETE THIS SECTION ON I A. Signature A. Signature Is delivery address different from If YES, enter delivery address before the second of the	□ Return Receipt for Merchandise □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery □ Agent □ Addressee □ C. Date of Delivery □ Item 1? □ Yes □ Yes □ No □ Priority Mall Express® □ Registered Mall Restricted □ Restricted Mall Restricted
Article Number Genefor from sension lebell. 7018 2290 0000 3433 145 S Form 3811, July 2015 PSN 7530-02-000-9053 NDER: 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. Artir' William H. Roach 818 S. San Jose Abilene, TX 79605	Collect on Delivery Collect on Delivery Restricted Delivery lestricted Delivery (over \$500) COMPLETE THIS SECTION ON DELIVERY A. Signature B. Received by (Phinted Name) Is delivery address different from If YES, enter delivery address by Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail® Certified Mail®	□ Return Receipt for Merchandise □ Signature Confirmation □ Signature Confirmation Restricted Delivery □ Agent □ Addressee □ C. Date of Delivery □ Item 1? □ Yes □ Yes □ No
Article Number Genefor from sensing lebell. 7018 2290 0000 3433 149 S Form 3811, July 2015 PSN 7530-02-000-9053 INDER: 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. Artir' William H. Roach 818 S. San Jose Abilene, TX 79605	Collect on Delivery Collect on Delivery Restricted Delivery lestricted Delivery (over \$500) COMPLETE THIS SECTION ON I A. Signature B. Received by (Phinted Name) Is delivery address different from If YES, enter delivery address before the signature Adult Signature Restricted Delivery Certified Mail®	□ Return Receipt for Merchandise □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery □ Agent □ Addressee □ C. Date of Delivery □ Item 1? □ Yes □ Yes □ No □ Priority Mall Express® □ Registered Mail™ □ Registered Mail™ □ Registered Mail Restricted □ Delivery □ Return Receipt for Merchandise
Article Number Genefor from sentise lebell. 7018 2290 0000 3433 145 S Form 3811, July 2015 PSN 7530-02-000-9053 ENDER: 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. Artir' William H. Roach 818 S. San Jose Abilene, TX 79605	Collect on Delivery Collect on Delivery Restricted Delivery lestricted Delivery (over \$500) COMPLETE THIS SECTION ON I A. Signature B. Received by (Phinted Name) Is delivery address different from If YES, enter delivery address by the signature Restricted Delivery Certified Mail® Certified Mail® Certified Mail® Certified Mail® Certified Mail® Collect on Delivery Restricted Delivery Collect on Delivery Restricted Delivery Collect on Delivery Restricted Delivery	□ Return Receipt for Merchandise □ Signature Confirmation □ Signature Confirmation Restricted Delivery □ Agent □ Addressee □ C. Date of Delivery □ Item 1? □ Yes □ Yes □ No

SENDER: COMPLETE THIS SECTION	2010
Complete items 1, 2, and 3	COMPLETE THIS SECTION ON DELIVERY
Print your name and address	A. Signature
Attach this card to the back of the	B. Received by Maddressee
	B. Received by (Rrintger Name) C. Date of Delivery
Article Addressed to: Estate of Stanley J. Pirtle	D. Is delivery address different from item 1? Yes
c/o Linda Black	If YES, enter delivery address below:
5304 Holly	
Bellaire, TX 77401	
TO BELLEVIA CONTROL OF THE PROPERTY OF THE PARTY OF THE P	2 Coming T
	3. Service Type ☐ Adult Signature ☐ Adult Signature ☐ Adult Signature Restricted Delivers ☐ Registered Mail™
9590 9402 4582 8278 6039 28	Certified Mail® Restricted
7070 7070	☐ Collect on Delivery ☐ Return Receipt for Merchandise
	ery Restricted Delivery Signature Confirmation Signature Confirmation
PS Form 3811, July 2015 PSN 7530-02-000-9053	(over \$500) Hestricted Delivery
10000 /0	Domestic Return Receipt
SENDER: COMPLETE THIS SECTION	
Complete items 1, 2, and 3.	COMPLETE THIS SECTION ON DELIVERY
Print your name and address on the	A. Signature
The card to you	B. Received by (2)
Attach this card to the back of the mailpiece, or on the front if space permits	B. Received by (Printed Name) C. Date of Delivery
1. New Mexico Department of	D. Is delivery address different from item 1? Yes
Transportation	If YES, enter delivery address below:
Attn: Property Asset Mgmt .Mgr.	
112 Cerrillos Rd.	
Santa Fe, NM 87505	
	3. Service Type Priority Mail Express®
102 TOUZ 0/ 0 DITS6 11/	Adult Signature Restricted Delivery Certified Mail® Certified Mail® Delivery Delivery
Article Number (Transfer from service label)	Collect on Delivery Return Receipt for Merchandise
7018 2290 0000 3433 1	☐ Signature Confirmation Signature Confirmation
S Form 3811, July 2015 PSN 7530-02-000-9053	(over \$500) Hestricted Delivery
	W 704 H Domestic Return Receipt
NDER: COMPLETE THIS SECTION	COMPLETE THIS SEATO
Complete items 1, 2, and 3	COMPLETE THIS SECTION ON DELIVERY A. Signature
Print your name and address on the reverse	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Attach this card to the back of the	TOUR APPOINT TOUR
	C. Date of Delivery
Article Addressed to Paul D. Henderson	's delivery address different from item 1? Yes
c/o Karen Ledbetter	f YES, enter delivery address below:
747 Bison	
Housten, TX 77079	
3 0	ervice Type
	ult Signature U Priority Mall Expressed
TI Co	tifled Mali® Registered Mali Restricted
tic 7010 Col	rtified Mail Restricted Delivery

2. Artic

Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated November 24, 2019 and ending with the issue dated November 24, 2019.

Publisher

Sworn and subscribed to before me this 24th day of November 2019.

, Business Manager

My commission expires

(Seal)

OFFICIAL SEAL

GUSSIE BLACK

Notary Public

State of New Mexico

My Commission Expires

Inis newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said



LEGAL NOTICE NOVEMBER 24, 2019

This is to notify all interested parties, including Estate of Stanley J. Pirtle c/o Vaughn Pirtle, Estate of Stanley J. Pirtle c/o Linda Black, Vaughn Pirtle, Linda Carol Black, Energen Resources Corp, Estate of Fred McCright c/o Patricia Simmons, Estate of Frankie McCright c/o Patricia Simmons, Shirley Ann Roach, William H. Roach, Estate of Paul D. Henderson c/o Greta Massing, Cloma Perkins, New Mexico Department of Transportation, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by COG Operating (Case No. 20931) at 8:15 a.m. on December 12, 2019 in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico. Applicant COG Operating LLC seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the W/2 E/2 of Section 18, Township 24 South, Range 34 East in Lea County, New Mexico. The horizontal spacing unit will be horizontally drilled from a surface location in Unit B to a bottom hole location in Unit O in Section 18, Township 24 South, Range 34 East. The completed interval for the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of COG Operating, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well is located approximately 20 miles northwest of Jal, New Mexico.

02107475

00236309

HINKLE, HENSLEY, SHANOR & MARTIN, LLP PO BOX 2068 SANTA FE, NM 87504

E

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:	SEBASTIAN FED COM #704H	PROSPECT NAME:	Bulldog 2434 (717040)
	Sec 18: 260 FNL & 2255 FEL	STATE & COUNTY:	New Mexico, Lea
BHL:	Sec 19: 50 FSL & 2310 FEL	OBJECTIVE:	Drill and Complete
FORMATION:	Wolfcamp	DEPTH:	22,600
LEGAL:	Sec 18: 24S 34E	TVD:	12,365

		Drlg - Rig				Tank Btty		Pmpq	
INTANGIBLE COSTS		Release(D)		Completion(C)		Constrctn(TB)		Equipment(PEQ)	TOTAL
Trtle/Curative/Permit	201	20,000							20,000
Insurance	202	2,500							2,500
Damages/Right of Way	203	20,000	303		351				20,000
Survey/Stake Location	204	7,000		57,000	352				64,000
Location/Pits/Road Expense	205	180,000		10,000	353	54,000	366		244,000
Drilling / Completion Overhead	206	15,000	•	15,000					30,000
Turnkey Contract	207	0		1,168,000					1,168,000
Footage Contract	208	0		422,000					422,000
Daywork Contract	209	1,277,000	309	719,000					1.996,000
Directional Drilling Services	210	538,000	310	336,000					874,000
Fuel & Power	211	228,000	311	68,000	354		367		296,000
Water	212	100,000	312	868,000			368		968,000
Bits	213	180,000	313				369		180,000
Mud & Chemicals	214	420,000	314				370		420,000
Dntll Stem Test	215	0	315	550,000					550,000
Coring & Analysis	216	0			•				0
Cement Surface	217	27,900			'				27,900
Cement intermediate	218	83,700			,				83,700
Cement 2nd Intermediate/Production	219	116,300							116,300
Cement Squeeze & Other (Kickoff Pfug)	220	0			'		371		0
Float Equipment & Centralizers	221	70,000			'		•		70.000
Casing Crews & Equipment	222	80,000							80,000
Fishing Tools & Service	223	0	323				372		0,000
Geologic/Engineering	224	16,800	324		355		373		16,800
Contract Labor	225	6,500	325	20,000	356	316,585	374	6,500	349,585
Company Supervision	226	90,000	326	15,000	357	310,365	375		
Contract Supervision	227	212,000		295,000	358			0	105,000
Testing Casing/Tubing	228	40,000	327		220		376	5,000	512,000
				5,000			377		45,000
Mud Logging Unit	229	71,000	329	68,000					139,000
Logging Perforation Afficience Senance	230	0	-				378		0
Perforating/Wireline Services	231	10,000		404,000			379		414,000
Stimulation/Treating			332	0			380		0
Completion Unit			333	140,000			381	10,000	150,000
Swabbing Unit			334				382	0	
Rentals-Surface	235	300,000	335		359		383	7,000	307,000
Rentals-Subsurface	236	175,000	336	30,000			384	0	205,000
Trucking/Forklift/Rig Mobilization	237	265,000	337	20,000	360		385	3,000	268,000
Welding Services	238	6,000	338	5,000	361		366		11,000
Water Disposal	239		339	60,000	362	200,000	387		260,000
Plug to Abandon	240		340						0
Seismic Analysis	241		341						0
Miscellaneous	242		342				389		0
Contingency	243	103,000	343	200,000	363		390		303,000
Closed Loop & Environmental	244	550,000	344	0	364		388		550,000
Coil Tubing			346	466,000					466,000
Flowback Crews & Equip			347	750,000					750,000
Offset Directional/Frac	248		348						
TOTAL INTANGIBLES		5,210,700		6,691,000		570,585		31,500	12,503,785
TANGIBLE COSTS									
Surface Casing	401	47,000							47,000
Intermediate Casing	402	459,000							459,000
Production Casing/Liner	403	471,000							471,000
Tubing			504	52,000			530	10,000	62,000
Wellhead Equipment	405	75,000	505	22,000			531	3,000	100,000
Pumping Unit							506	98,000	98,000
Prime Mover							507	0	90,000
Rods							508	65,000	65,000
Pumps-Sub Surface (BH)			509				532	5,500	5,500
Tanks					510	63,583	~~2	3,300	63,583
Flowlines					511	33,333			33,333
Heater Treater/Separator					512	99,618			99,618
Electrical System							522	20.000	
Packers/Anchors/Hangers	414		514	66,000	513	20,833		20,000	40,833
Couplings/Fittings/Valves	415		J 14	00,000	546	475 744	534	2,000	68,000
Dehydration	410				515	175,731			175,731
					517				0
Injection Plant/CO2 Equipment					518				0
Pumps-Surface					521	10,000			10,000
Instrumentation/SCADA/POC					522	19,167	529	7,000	26,167
Miscellaneous	419		519		523	74,939	535	3,000	77,939
Contingency Metand ACT	420		520		524		536		0
Meters/LACT					525	35,500			35,500
Flares/Combusters/Emission					526	13,333			13,333
Gas Lift/Compression			527	50,000	516	66,667	528		116,667
TOTAL TANGIBLES		1,052,000		190,000		612,704		213,500	2,068,204
TOTAL WELL COSTS		6,262,700		6,881,000		1,183,289		245,000	14,571,989
# .#=									
% of Total Well Cost COG Operating LLC		43%		47%		8%		2%	
COG Operating LLC									
		Date Prepared		7/15/19					
				1110119					
		COG Operating LLC							
We approve									
% Working Interest				ВМ				_	
_						-		-	
Company								_	
Ву									

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



APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 20931

SELF-AFFIRMED STATEMENT OF CODY BACON

- 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 at COG Operating, LLC ("COG"). I have previously testified before the New Mexico Oil Conservation Division, and my qualifications as an expert in geology matters were accepted. I am familiar with the geological matters that pertain to COG's application.
- 3. Attached as Exhibit A is a map that shows the proposed location of the Sebastian Federal Com #704H well in relation to other Wolfcamp wells drilled in the vicinity. The preference is for stand-up wells (north to south or south to north), and the completed wells in the area (recent completions) apparently are commercial.
- 4. Attached as Exhibit B is a structure map of the Wolfcamp formation, which is the target zone for the proposed wells.
- 5. Attached as Exhibit C is a cross section map for the Sebastian Federal Com #704H well.
- 6. Attached as Exhibit D is a north to south cross section. The well logs on the cross section provide a representative sample of the Wolfcamp formation in the area. The target zone for the proposed well is continuous across the HSU.

Case No. 20931

COT Operating, Inc

Exhibit 2

7. Based on the information contained in Exhibits A, B, C, and D, I am able to

conclude that:

a) The HSU is justified from a geologic standpoint;

b) There is no faulting or other geologic impediment that could adversely affect the

drilling of the proposed well; and

c) Each quarter-quarter section in the HSU will contribute more or less equally to

production.

8. In my opinion, the granting of COG's application will serve the interests of

conservation and the prevention of waste.

9. Exhibits A through D were either prepared by me or compiled from company

records.

10. I understand that this Self-Affirmed Statement will be used as written testimony in

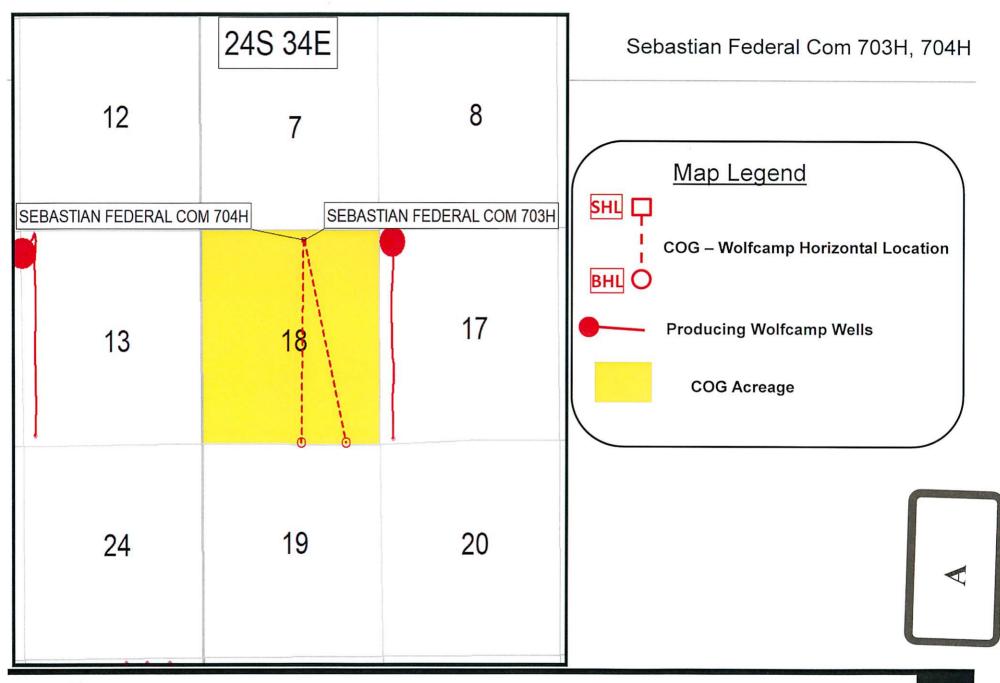
this case. I affirm that my testimony in paragraphs 1 through 9 above is true and correct and is

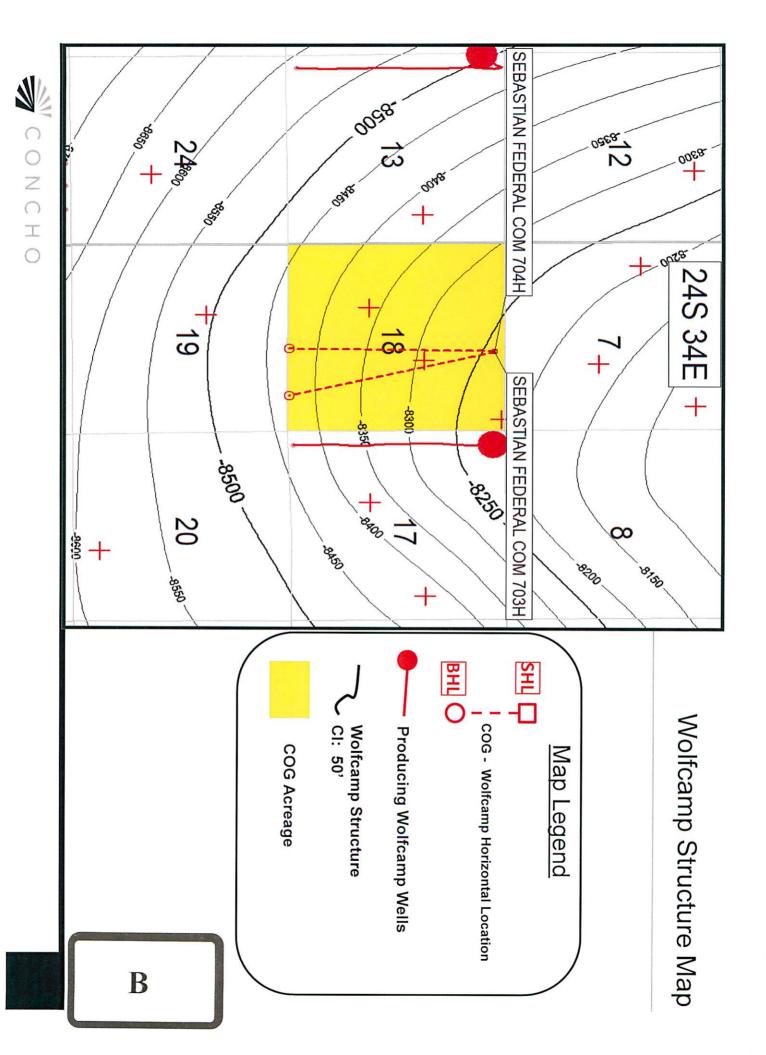
made under penalty of perjury under the laws of the State of New Mexico. My testimony is made

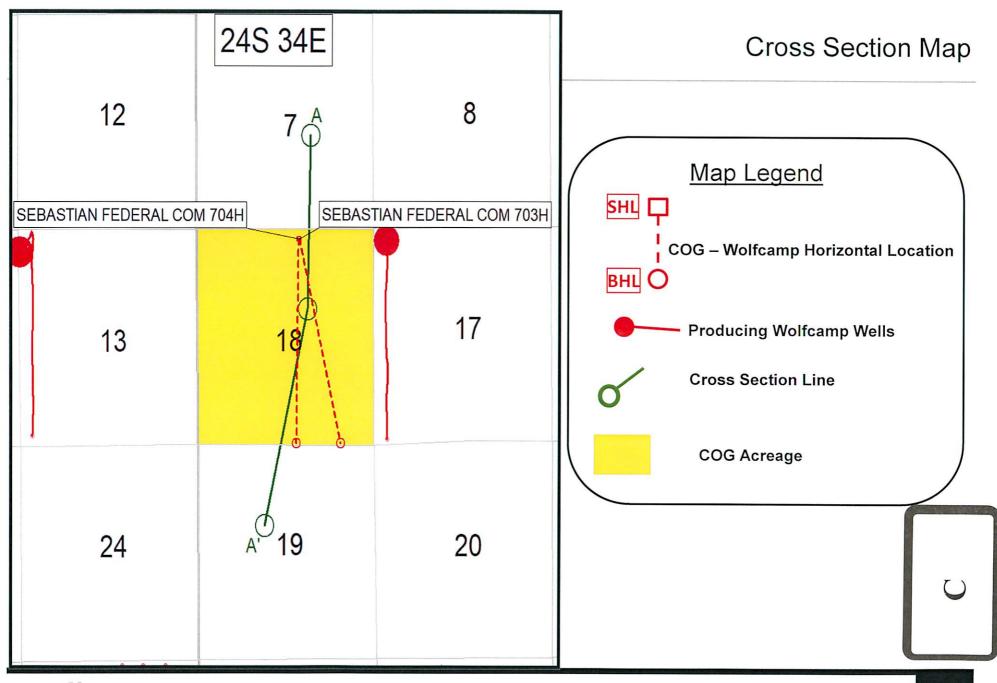
as of the date handwritten next to my signature below.

M (rely Breon

12-10-19 Date









Stratigraphic Cross Section A – A'

