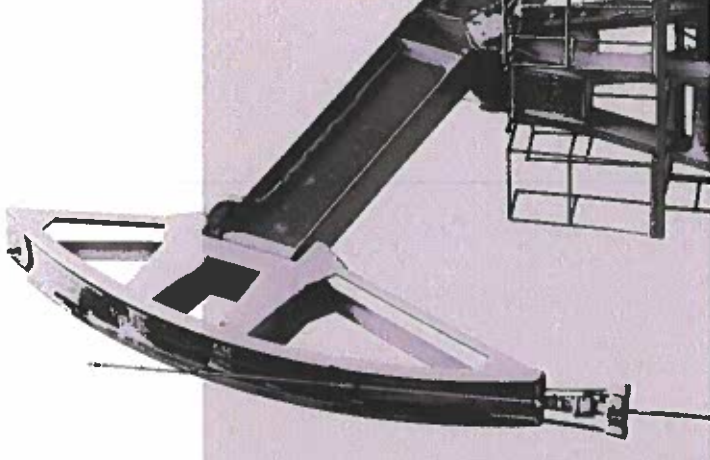


COG OPERATING LLC  
Case No. 21316 & 21319  
Daisy Wells



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

**APPLICATION OF COG OPERATING LLC  
TO CONFORM ORDER NO. R-21076  
TO THE AMENDED ORDER TEMPLATE  
EDDY COUNTY, NEW MEXICO**

CASE NO. 21316  
ORDER NO. R-21076 (Re-Open)

**APPLICATION**

COG OPERATING LLC ("COG") (OGRID No. 229137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division ("Division") for the limited purpose of conforming Division Order No. R-21076 to the amended order template ("Amended Order Template") described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template). In support of its application, COG states:

1. The Division entered Order No. R-21076 in Case No. 20998 on January 9, 2020.
2. Order No. R-21076 created a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2E/2 of Sections 24 and 25, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico ("Unit"). Order No. R-21076 further designated COG as operator of the Unit and pooled all uncommitted interests within the Hay Hollow; Bone Spring, North Pool (Pool Code: 30216) underlying the Unit.
3. COG requests that Order No. R-21076 be opened for the limited purpose of conforming this order to the terms the Amended Order Template.
4. COG remains in compliance with all terms of Order No. R-21076.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 11, 2020, and, after notice and hearing as required by law, the Division amend Order No. R-21076 to conform it to the terms of the Amended Order Template.

Respectfully submitted,

**COG OPERATING LLC**

*/s/ Michael Rodriguez*

---

Ocean Munds-Dry  
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Elizabeth A. Ryan  
Michael Rodriguez  
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**ATTORNEYS FOR COG OPERATING LLC**

CASE \_\_\_\_\_:

**Application of COG Operating LLC to conform order no. R-21076 to the amended order template, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order from the Division for the limited purpose of conforming Division Order No. R-21076 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template). Order No. R-21076, as issued in Case No. 20998, created a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2E/2 of Sections 24 and 25, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and pooled all uncommitted interests within the Hay Hollow; Bone Spring, North Pool (Pool Code: 30216) underlying the unit.

**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. 20998  
ORDER NO. R-21076**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on January 09, 2020, 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.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 1  
Submitted by:  
COG OPERATING LLC  
Hearing Date: June 11, 2020**

### **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 described depth(s) and location(s) in the Unit.
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.

### **ORDER**

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 Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. 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 before commencing production of the well.
20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. 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."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and 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 OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, 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 its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

27. 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."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and 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 OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. 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.
30. 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.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and 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**

AS/jag

**Date: February 10, 2020**

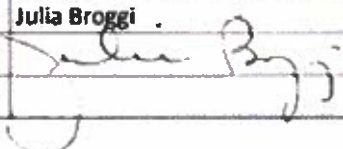


## Exhibit A

<b>COMPULSORY POOLING APPLICATION CHECKLIST (pdf)</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 20998</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: January 9, 2020</b>	
<b>Applicant</b>	COG Operating LLC
<b>Designated Operator &amp; OGRID (affidation if applicable)</b>	COG Operating LLC (OGRID No. 229137)
<b>Applicant's Counsel:</b>	Holland & Hart LLP
<b>Case Title:</b>	APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
<b>Entries of Appearance/Intervenors:</b>	None
<b>Well Family</b>	Daisy 24 State Com wells
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Bone Spring
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	Bone Spring
<b>Pool Name and Pool Code:</b>	Hay Hollow, Bone Spring, North Pool (Pool Code 30216)
<b>Well Location Setback Rules:</b>	Statewide rules apply
<b>Spacing Unit Size:</b>	320 acres, more or less
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical)</b>	Horizontal
<b>Size (Acres)</b>	320 acres, more or less
<b>Building Blocks:</b>	quarter-quarter sections
<b>Orientation:</b>	Standup
<b>Description: TRS/County</b>	W/2 E/2 of Sections 24 and 25, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico
<b>Standard Horizontal Well Spacing Unit (Y/N), if No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	No
<b>Proximity Defining Well: If yes, description</b>	No
<b>Applicant's Ownership in Each Tract</b>	COG Exhibit A-3
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	Please see COG Exhibit A-1 for the C-102 for the proposed Daisy 24 State Com No. 505H well

CASE NO. 20998  
ORDER NO. R-21076

<b>Case No. 20998 Well</b>	<p><b>Daisy 24 State Com Well No. 505H, API No. pending</b></p> <p>Sits 225 ft from North line and 7.0 ft from East line.          Joint A of Section 24, Township 25 South, Range 27 East, N48PM.          894.50 ft from South line and 1350 ft from East line.          Joint C of Section 25, Township 25 South, Range 27 East, N48PM.</p> <p>Completion Target: Upper 2nd Bone Spring Sand at approx 7800 ft TVD          Well Orientation: North to South          Completion Location expected to be Standard</p>
<b>Horizontal Well First and Last Take Points</b>	<b>Please see COG Exhibit A-1 for the C-102 for the proposed Daisy 24 State Com No. 505H well</b>
<b>Completion Target (Formation, TVD and MD)</b>	<b>COG Exhibit A-4</b>
<b>AFE Capex and Operating Costs</b>	
<b>Drilling Supervision/Month \$</b>	<b>\$7,000</b>
<b>Production Supervision/Month \$</b>	<b>\$700</b>
<b>Justification for Supervision Costs</b>	<b>COG Exhibit A-4</b>
<b>Requested Risk Charge</b>	<b>200%</b>
<b>Notice of Hearing</b>	
<b>Proposed Notice of Hearing</b>	<b>See Application</b>
<b>Proof of Mailed Notice of Hearing (20 days before hearing)</b>	<b>COG Exhibit C</b>
<b>Proof of Published Notice of Hearing (10 days before hearing)</b>	<b>N/A</b>
<b>Ownership Determination</b>	
<b>Land Ownership Schematic of the Spacing Unit</b>	<b>COG Exhibit A-3</b>
<b>Tract List (including lease numbers and owners)</b>	<b>COG Exhibit A-3</b>
<b>Pooled Parties (including ownership type)</b>	<b>COG Exhibit A-3</b>
<b>Unlocatable Parties to be Pooled</b>	<b>N/A</b>
<b>Ownership Depth Severance (including percentage above &amp; below)</b>	<b>N/A</b>
<b>Joinder</b>	
<b>Sample Copy of Proposal Letter</b>	<b>COG Exhibit A-4</b>
<b>List of Interest Owners (ie Exhibit A of JOA)</b>	<b>COG Exhibit A-3</b>
<b>Chronology of Contact with Non-Joined Working Interests</b>	<b>COG Exhibit A-5</b>
<b>Overhead Rates In Proposal Letter</b>	<b>N/A</b>
<b>Cost Estimate to Drill and Complete</b>	<b>COG Exhibit A-4</b>
<b>Cost Estimate to Equip Well</b>	<b>COG Exhibit A-4</b>
<b>Cost Estimate for Production Facilities</b>	<b>COG Exhibit A-4</b>
<b>Geology</b>	
<b>Summary (including special considerations)</b>	<b>COG Exhibit B</b>
<b>Spacing Unit Schematic</b>	<b>COG Exhibit B-1</b>

Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	COG Exhibits B, B-1, B-2, B-3
Target Formation	COG Exhibits B, B-1, B-2, B-3, B-4
HSU Cross Section	COG Exhibits B, B-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	COG Exhibit A-1
Tracts	COG Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	COG Exhibit A-3
General Location Map (including basin)	COG Exhibit B-1
Well Bore Location Map	COG Exhibit B-2
Structure Contour Map - Subsea Depth	COG Exhibit B-2
Cross Section Location Map (including wells)	COG Exhibit B-3
Cross Section (including Landing Zone)	COG Exhibit B-4
Additional Information	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Julia Broggi
Signed Name (Attorney or Party Representative):	
Date:	1/8/2020

State of New Mexico  
Energy, Minerals and Natural Resources Department

---

**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Adrienne E. Sandoval**  
Director, Oil Conservation Division



**BY ELECTRONIC MAIL ONLY**

April 9, 2020

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**BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico  
Exhibit No. 2  
Submitted by:  
**COG OPERATING LLC**  
Hearing Date: June 11, 2020

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**RE: Amendments to Compulsory Pooling Order Template**

Dear Counsel:

The Oil Conservation Division ("OCD") has amended the compulsory pooling order template effective on April 1, 2020. The amended template is attached as Exhibit 1.

Prior to April 1, 2020, OCD issued compulsory pooling orders for the cases identified in Exhibit 2. To conform an order with the amended template, please file an application for a hearing.

If you have any questions about this letter, please call Eric Ames, Office of General Counsel, at (505) 476-3463.

Respectfully,

A handwritten signature in black ink, appearing to read 'ASandoval', written over the printed name.

Adrienne Sandoval  
Director

cc: Gabriel Wade, Deputy Director  
Eric Ames, OGC-EMNRD  
Scott Cox, OCD Engineering Bureau

## **EXHIBIT 1**

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
[OPERATOR]**

**CASE NO. \_\_\_\_\_  
ORDER NO. R-\_\_\_\_\_**

### **ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on [DATE], and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

### **FINDINGS OF FACT**

1. [NAME] ("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.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 3  
Submitted by:  
COG OPERATING LLC  
Hearing Date: June 11, 2020**



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 ~~described~~ 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.

#### ORDER

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 Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.~~
- ~~19.~~ 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 before commencing production of the well in accordance with 19.15.16.15(C) NMAC.
- ~~1920.~~ The Operator shall commence drilling the Winitial well(s) within one year one (1) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well; and (b) for an infill well, no later than thirty (30) days after completion of 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.

- ~~214.~~ ~~Operator shall comply with th~~The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- ~~22.~~ ~~This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.~~
- ~~223.~~ Operator shall submit ~~to OCD and~~ 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"), no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
- ~~234.~~ 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."
- ~~245.~~ No later than ~~within~~ one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and 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 OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- ~~256.~~ No later than sixty (60) days after ~~the later of~~ 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 its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

267. 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."
278. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and 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 OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
289. 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.
3029. 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 OCD and 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.
323. 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.

334. 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.*
345. 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/xxx](#)

**Date:** \_\_\_\_\_

CASE NO. \_\_\_\_\_  
ORDER NO. R-



# Carlsbad Current Argus.

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## Affidavit of Publication

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CONCHO

1048 PASEO DE PERALTA


SANTA FE, NM 87501

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

05/24/2020

  
Legal Clerk

Subscribed and sworn before me this May 24, 2020:

  
State of WI, County of Brown  
NOTARY PUBLIC

8-25-23  
My commission expires

SHELLY HORA  
Notary Public  
State of Wisconsin

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on June 11, 2020. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by June 2, 2020. Public documents, including the agenda and minutes, can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at [www.emnrd.state.nm.us/OCD/](http://www.emnrd.state.nm.us/OCD/). Please contact Ms. Davidson if a summary or other type of accessible form is needed.

### STATE OF NEW MEXICO TO:

All named parties and persons  
having any right, title, interest  
or claim in the following case  
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All working interest owners, overriding royalty interest owners, unleased mineral interest owners, and pooled parties, including: Veritas Permian Resources, LLC.

Case 21316: Application of COG Operating LLC to conform order no. R-21076 to the amended order template, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division for the limited purpose of conforming Division Order No. R-21076 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template). Order No. R-21076, as issued in Case No. 20998, created a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2E/2 of Sections 24 and 25, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and pooled all uncommitted interests within the Hay Hollow; Bone Spring, North Pool (Pool Code: 30216) underlying the unit.

#4206291, Current Argus, May 24, 2020

Ad # 0004206291

PO #:

# of Affidavits 1

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Michael Rodriguez  
Attorney

May 22, 2020

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Case No. 21316: Application of COG Operating, LLC for compulsory pooling, Eddy County, New Mexico. Daisy 24 State Com No. 505H Well.**

To whom it may concern:

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **June 11, 2020** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.135.4.13.B, parties appearing in a case are required to file a pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or electronically submitted to [ocd.hearings@state.nm.us](mailto:ocd.hearings@state.nm.us) and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Travis Macha at (432) 221-0452 or [tmacha@concho.com](mailto:tmacha@concho.com).

Sincerely,

*/s/ Michael Rodriguez*

Michael Rodriguez  
*Attorney for COG Operating LLC*

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

SEE REVERSE FOR INSTRUCTIONS