

COG OPERATING IVAR THE BONELESS FEDERAL NO. 1H

Lea County, New Mexico



STATE OF NEW MEXICO

DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF COG OPERATING LLC TO RE-OPEN CASE NO. 15185 TO
AMEND THE WELL SURFACE LOCATION AND WELL NAME UNDER
ORDER R-13913, LEA COUNTY, NEW MEXICO.

CASE NO. 15185 (re-opened)

AFFIDAVIT OF JOSEPH SCOTT


STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Joseph Scott, being first duly sworn on oath, states as follows:

1. My name is Joseph Scott and I am employed by COG Operating, LLC, in Midland, Texas, as a Landman. I previously testified as an expert in petroleum land matters at the hearing on September 4, 2014, in Case No. 15185 that resulted in the issuance of pooling Order R-13913 on October 21, 2014.
2. Division Order R-13913 created a 160-acre non-standard spacing and proration unit in the Yeso formation consisting of the W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico and pooled the uncommitted mineral interest in this spacing and proration unit. This unit was to be initially dedicated to COG's proposed Ivar the Boneless Federal Well No. 1H, which was proposed to the interest owners as a horizontal well at a surface location 370 feet from the South line and 380 feet from the West line (Unit M) of Section 10 to a terminus 330 feet from the South line and 330 feet from the West line (Unit M) of Section 15. This well has not been drilled by COG.
3. COG has now proposed to all of the interest owners to change the surface location of the proposed well. The revised surface location is 75 feet from the North line and 330 feet from the West line (Unit D) of Section 22 to a standard terminus 330 feet from the North line and 330 feet from the West line (Unit D) of Section 15.
4. In addition, COG has changed the name of the proposed well from Ivar the Boneless Federal Well No. 1H to Ivar the Boneless Federal No. 11H.
5. Attachment A to this affidavit is a copy of the well proposal letter and


authorization for expenditure (AFE) that was provided to all of the interest owners in the spacing and proration unit. The well proposal letter and AFE reference the revised surface hole location and well name.

FURTHER AFFIANT SAYETH NOT.


Joseph Scott

SUBSCRIBED AND SWORN before me on this 29th day of April, 2015.




Notary Public

My Commission Expires:

3-14-2017



Via Certified Mail
Return Receipt: 91 7199 9991 7034 2038 2168

February 19, 2015

Ard Oil, Ltd.
Ard Energy, Ltd.
Attn: Mr. Julian Ard
224 W. 4th Street PL 5
Fort Worth, TX 76102

RE: **Compulsory Pooling Amendment - Ivar the Boneless Federal 11H**
SHL: 75' FNL & 330' FWL (Unit D) of Section 22, T17S, R32E
BHL: 330' FNL & 330' FWL (Unit D) of Section 15, T17S, R32E
Lea County, New Mexico

Dear Mr. Ard:

As you are aware, COG Operating LLC ("COG") has received Compulsory Pooling Order R-13913 ("Order") to drill the Ivar the Boneless Federal 1H. COG wishes to amend the order to change the surface hole location of the well from the north to the south of the section and also change the well name from the Ivar the Boneless Federal 1H to the 11H. Please find the proposed changes referenced above. The proposed amendment will allow you the right to come back in the drilling operations.

February 20, 2015

At this time we invite you to participate in our proposed drilling operations. Please find enclosed Authority for Expenditure ("AFE"). The total cost of the operation is estimated to be \$3,403,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE"). Our records credit you with a 5.312501% interest in this well and your cost to participate is \$180,784.41

Please let me know if you wish to join our Joint Operating Agreement and I will provide you with one.

Should you have any questions please contact me at 432-688-6601.

Yours truly,

COG OPERATING LLC

Joseph Scott

Enclosure(s) 1

Enclosure(s) 2

Enclosure(s) 3



**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: IVAR THE BONELESS FED 11H	PROSPECT NAME: MALJAMAR MACK - 720012
SHL: 75' FNL, 330' FWL; UL - D	STATE & COUNTY: New Mexico, Lea
BHL: 330' FNL, 330' FWL; UL - D	OBJECTIVE: SH45 Yeso Horizontal
FORMATION: YESO	DEPTH: 9,915
LEGAL: SEC. 22, NWNW, T17S-R32E	TVD: 5,750

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	11,000		11,000
Insurance	202	4,000	0	4,000
Damages/Right of Way	203	12,000	0	12,000
Survey/Stake Location	204	3,000	0	3,000
Location/Pits/Road Expense	205	80,000	25,000	105,000
Drilling / Completion Overhead	206	4,000	2,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract (0 days @spud-rts @ \$0)	209	189,000	0	189,000
Directional Drilling Services (0 dir days @ \$0)	210	103,000	310	103,000
Fuel & Power	211	32,000	5,000	37,000
Water	212	31,000	90,000	121,000
Bits	213	43,800	5,000	48,800
Mud & Chemicals	214	37,000	0	37,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	17,000		17,000
Cement Intermediate	218	25,000		25,000
Cement 2nd Intermediate/Production	219	0	319	53,000
Cement Squeeze & Other (Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	2,000	321	20,000
Casing Crews & Equipment	222	4,250	322	10,200
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	2,000	324	2,000
Contract Labor	225	33,150	325	38,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	23,000	327	48,000
Testing Casing/Tubing	228	2,490	328	4,500
Mud Logging Unit	229	20,000	329	20,000
Logging	230	18,000	330	18,000
Perforating/Wireline Services	231	1,500	331	130,000
Stimulation/Treating			332	920,000
Completion Unit			333	35,000
Swabbing Unit			334	0
Rentals-Surface	235	42,000	335	250,000
Rentals-Subsurface	236	57,000	336	28,000
Trucking/Forklift/Rig Mobilization	237	58,000	337	50,000
Welding Services	238	5,000	338	3,000
Water Disposal	239	0	339	5,000
Plug to Abandon	240	0	340	0
Seismic Analysis	241	0	341	0
Closed Loop & Environmental	242	72,000	342	0
Miscellaneous	243	0	343	0
Contingency 5%		46,010		68,300
TOTAL INTANGIBLES		980,000	1,806,000	2,786,000

TANGIBLE COSTS				
Surface Casing (13 3/8" 54 5# J55 STC)	401	19,000		19,000
Intermediate Casing(1800' 9 5/8" 40# J55 LTC)	402	55,000	503	0
Production Casing (7" 29# & 5 1/2" 17# L80)			504	207,000
Tubing			505	27,000
Wellhead Equipment	405	8,200	506	18,000
Pumping Unit			507	72,000
Prime Mover			508	0
Rods			509	11,000
Pumps			510	63,000
Tanks			511	19,000
Flowlines			512	11,000
Heater Treater/Separator			513	29,000
Electrical System			514	18,000
Packers/Anchors/Hangers	414	0	515	2,000
Couplings/Fittings/Valves	415	500	516	38,000
Gas Compressors/Meters			517	4,000
Dehydrator			518	0
Injection Plan/CO2 Equipment			519	0
Miscellaneous	419	500	520	4,000
Contingency	420	5,800		27,000
TOTAL TANGIBLES		89,000	548,000	837,000
TOTAL WELL COSTS		1,049,000	2,354,000	3,403,000

COG Operating LLC

By: Carl Bird

We approve:

_____% Working Interest

Company:

By:

Printed Name:

Title:

Date:

Date Prepared: 2/11/2015 KF

COG Operating LLC

By:

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