

COG Operating LLC

Ivar the Boneless Federal Well No. 11H Well
Case No. 15185 -- Re-Opened
Lea County, New Mexico



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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15185 Re-Opened
ORDER NO. R-13913-A**

**APPLICATION OF COG OPERATING LLC TO REOPEN CASE NO. 15185 TO
CHANGE THE WELL SURFACE LOCATION AND WELL NAME UNDER THE
TERMS OF COMPULSORY POOLING ORDER NO. R-13913, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 30, 2015, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 26th day of May, 2015, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) Pursuant to previous hearings, the Division, on October 21, 2014, issued Order No. R-13913, granting the application of COG Operating LLC (the "Applicant") for approval of a non-standard spacing and proration unit and compulsory pooling for the West Maljamar-Yeso Pool. The Order established a non-standard 160-acre oil spacing and proration unit and project area (the "Unit") consisting of the W/2 of the W/2 of Section 15, Township 17 South, Range 32 East, NMPM, in Lea County, New Mexico.
- (3) Order No. R-13913 designated that the Unit be dedicated to the Applicant's Ivar The Boneless Federal Well No. 1H (the "proposed well"; API No. 30-025-pending), a horizontal well to be drilled from a surface location 370 feet from the South line and 380 feet from the West line (Unit letter M) of Section 10, to a standard terminus 330 feet from the South line and 330 feet from the West line (Unit letter M) of

**BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 1
Submitted by: COG Operating LLC.
Hearing Date: October 13, 2016**

Section 15. The completed interval of the proposed well in the Yeso formation in Section 15 would be orthodox.

(4) Subsequently, Applicant sought to amend Order No. R-13913 to change the surface location of the proposed well for the Unit. Applicant requested a new surface location of 75 feet from the North line and 330 feet from the West line (Unit letter D) of Section 22, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. The completed interval will have a penetration point of 330 feet from the South line and 330 feet from the West line (Unit letter M) of Section 15 and a terminus of 330 feet from the North line and 330 feet from the West line (Unit letter D) of Section 15 with the completed interval within all applicable setbacks.

(5) Applicant also requested a change in the proposed well name from the Ivar The Boneless Federal Well No. 1H to the Ivar The Boneless Federal Well No. 11H.

(6) At hearing, Applicant presented, through counsel, testimony to the effect that:

(a) the proposed well has not been drilled;

(b) the new surface location of the proposed well will be situated south of the Unit in Section 22, but will not change either the well orientation or the target zone of the compulsory pooling order; and

(c) notification of the changes was provided to all interest owners and parties subject to the compulsory pooling with proof of notification submitted in the hearing.

(7) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division therefore concludes:

(8) Approval of the changes for the order will prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons.

(9) Order No. R-13913 should be amended for the change in surface location of the proposed well and the change in name of the proposed well.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Application of COG Operating LLC (OGRID 229137), Order No. R-13913, issued in this case on October 21, 2014, is hereby amended for the surface location and the proposed well name.

(2) Ordering Paragraph (3) of Order No. R-13913 is amended to read in its entirety, as follows:

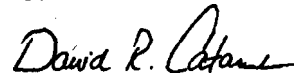
(3) The Unit shall be dedicated to Applicant's Ivar The Boneless Federal Well No. 11H (the "proposed well"; API No. 30-025-42514); a horizontal well to be drilled from a surface location 75 feet from the North line and 330 feet from the West line (Unit letter D) of Section 22, to a standard terminus 330 feet from the North line and 330 feet from the West line (Unit letter D) of Section 15. The completed interval of the proposed well in the Yezo formation in Section 15 will be orthodox.

(3) All other provisions of Order No. R-13913 shall remain in full force and effect.

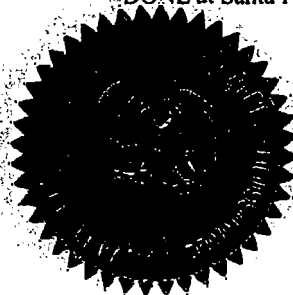
(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION




DAVID R. CATANACH
Director



SEAL



	Revised	Location	Lease	Description	
	Oct 11, 2016	Section 15 17S 32E	IVAR THE BONELESS FED	LEASE MAP WITH AERIAL IMAGERY	Page 1

COG OPERATING LLC IVAR THE BONELESS FEDERAL NO. 1H

Lea County, New Mexico



BEFORE THE OIL CONVERSION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: COG Operating LLC.
Hearing Date: October 13, 2016

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

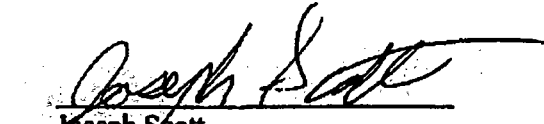
STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

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

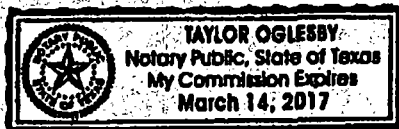
1. My name is Joseph Scott and I am employed by COG Operating, LLC, in Midland, Texas, as a Landman. I previously testified as an expert in petroleum land matters at the hearing on September 4, 2014, in Case No. 15185 that resulted in the issuance of pooling Order R-13913 on October 21, 2014.
2. Division 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

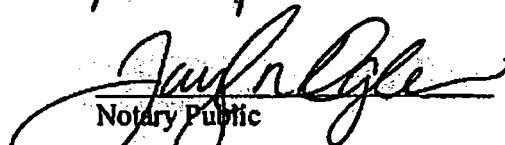
authorization for expenditure (AFE) that was provided to all of the interest owners in the spacing and proration unit. The well proposal letter and AFE reference the revised surface hole location and well name.

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.

As of 2/19/15

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)



**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/State Location	204	3,000	0	3,000
Location/PTS/Road Expense	205	80,000	25,000	105,000
Drilling / Completion Overhead	206	4,000	2,000	6,000
Turnkey Contract	207		0	0
Footage Contract	208		0	0
Daywork Contract (0 days @ \$400 @ \$0)	209	169,000	0	169,000
Directional Drilling Services (0 dir days @ \$0)	210	103,000		103,000
Fuel & Power	211	32,000	5,000	37,000
Water	212	31,000	90,000	121,000
Blis	213	43,800	5,000	48,800
Mud & Chemicals	214	37,000	0	37,000
Drill Stem Test	215		0	0
Coring & Analysis	216			0
Cement Surface	217	17,000		17,000
Cement Intermediate	218	28,000		28,000
Cement 2nd Intermediate/Production	219	0	53,000	53,000
Cement Squeeze & Other (Kickoff Plug)	220		0	0
Float Equipment & Centralizers	221	2,000	18,000	20,000
Casing Crews & Equipment	222	4,250	10,200	14,450
Fishing Tools & Service	223			0
Geologic/Engineering	224	2,000		2,000
Contract Labor	225	33,150	38,000	71,150
Company Supervision	226	2,000	2,000	4,000
Contract Supervision	227	23,000	46,000	69,000
Testing Casing/Tubing	228	2,480	4,500	6,980
Mud Logging Unit	229	20,000		20,000
Logging	230	18,000		18,000
Perforating/Wireline Services	231	1,500	130,000	131,500
Simulation/Tracing			820,000	820,000
Completion Unit			35,000	35,000
Swabbing Unit				0
Rentals-Surface	235	42,000	250,000	292,000
Rentals-Subsurface	236	57,000	28,000	85,000
Trucking/Forklift/Rig Mobilization	237	58,000	60,000	118,000
Wellbore Services	238	5,000	3,000	8,000
Water Disposal	239	0	5,000	5,000
Plug to Abandon	240	0	0	0
Seismic Analysis	241	0	0	0
Closed Loop & Environmental	244	72,000	0	72,000
Miscellaneous	242	0	0	0
Contingency 5%	243	48,010	88,300	132,310
TOTAL INTANGIBLES		980,000	1,806,600	2,786,600
TANGIBLE COSTS				
Surface Casing (13 3/8" 84 5# J55 STC)	401	19,000		19,000
Intermediate Casing (1600' 9 5/8" 40# J65 LTC)	402	55,000	0	55,000
Production Casing (17" 20# & 5 1/2" 17# L80)			207,000	207,000
Tubing			27,000	27,000
Wellhead Equipment	405	8,200	18,000	26,200
Pumping Unit			72,000	72,000
Prime Mover			0	0
Rods			11,000	11,000
Pumps			63,000	63,000
Tanks			19,000	19,000
Flowlines			11,000	11,000
Water Treater/Separator			29,000	29,000
Electrical System			18,000	18,000
Packers/Anchors/Hangers	414	0	2,000	2,000
Couplings/Fittings/Valves	415	500	38,000	38,500
Gas Compressors/Meters			4,000	4,000
Dehydrator			0	0
Injection Plant/CO2 Equipment			0	0
Miscellaneous	418	500	4,000	4,500
Contingency	420	5,800	27,000	32,800
TOTAL TANGIBLES		89,000	548,000	637,000
TOTAL WELL COSTS		1,049,000	2,354,600	3,403,600

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.

ARD ENERGY LLC
222 WEST 4TH STREET, PH-5
FORT WORTH, TEXAS 76102
817-882-9377
FAX 817-882-9460

CERTIFIED MAIL
7003 1010 0000 1785 3835

May 21, 2015

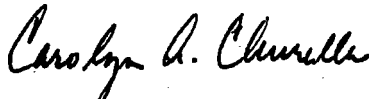
COG Operating LLC
Attn.: David Evans
600 West Illinois Avenue
Midland, TX 79701

Re: AFE
Ivar the Boneless Federal 11H
Lea County, NM

Dear Mr. Evans:

Enclosed is the referenced AFE that has been signed by Julian Ard, President of Ard Energy LTD and Ard Oil LTD. Should there be any other information you need, please advise.

Sincerely,



Carolyn A. Churella
Staff Landman

BEFORE THE OIL CONVERSATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: COG Operating LLC.
Hearing Date: October 13, 2016.

**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	302 0	4,000
Damages/Right of Way	203	12,000	303 0	12,000
Survey/Stake Location	204	3,000	304 0	3,000
Location/Pits/Road Expense	205	80,000	305 25,000	105,000
Drilling / Completion Overhead	206	4,000	306 2,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract (0 days /spud-rts @ \$0)	209	169,000	309 0	169,000
Directional Drilling Services (0 dir days @ \$0)	210	103,000	310	103,000
Fuel & Power	211	32,000	311 5,000	37,000
Water	212	31,000	312 90,000	121,000
Bits	213	43,600	313 5,000	48,600
Mud & Chemicals	214	37,000	314 0	37,000
Drill Stem Test	215		315 0	0
Coring & Analysis	216			0
Cement Surface	217	17,000		17,000
Cement Intermediate	218	25,000		25,000
Cement 2nd Intermediate/Production	218	0	319 53,000	53,000
Cement Squeeze & Other (Kickoff Plug)	220		320 0	0
Float Equipment & Centralizers	221	2,000	321 18,000	20,000
Casing Crews & Equipment	222	4,250	322 10,200	14,450
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	2,000	324	2,000
Contract Labor	225	33,150	325 38,000	71,150
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	23,000	327 46,000	69,000
Testing Casing/Tubing	228	2,400	328 4,500	6,900
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	131,500
Stimulation/Treating			332 620,000	620,000
Completion Unit			333 35,000	35,000
Swabbing Unit			334	0
Rentals-Surface	235	42,000	335 250,000	292,000
Rentals-Subsurface	236	57,000	336 28,000	85,000
Trucking/Forklift/Rig Mobilization	237	58,000	337 50,000	108,000
Welding Services	238	5,000	338 3,000	8,000
Water Disposal	239	0	339 5,000	5,000
Plug to Abandon	240	0	340 0	0
Seismic Analysis	241	0	341 0	0
Closed Loop & Environmental	244	72,000	344 0	72,000
Miscellaneous	242	0	342 0	0
Contingency 5%	243	48,010	343 66,300	114,310
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' 6 5/8" 40# J55 LTC)	402	55,000	503 0	55,000
Production Casing (17" 29# & 5 1/2" 17# L80)			503 207,000	207,000
Tubing			504 27,000	27,000
Wellhead Equipment	405	6,200	505 18,000	24,200
Pumping Unit			506 72,000	72,000
Prime Mover			507 0	0
Rods			508 11,000	11,000
Pumps			509 63,000	63,000
Tanks			510 19,000	19,000
Flowlines			511 11,000	11,000
Heater Treater/Separator			512 28,000	28,000
Electrical System			513 18,000	18,000
Packers/Anchors/Hangers	414	0	514 2,000	2,000
Couplings/Fittings/Valves	415	500	515 38,000	38,500
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	500	519 4,000	4,500
Contingency	420	5,800	520 27,000	32,800
TOTAL TANGIBLES		89,000	548,000	637,000
TOTAL WELL COSTS		1,049,000	2,354,000	3,403,000

COG Operating LLC

By: Carl Bird

Date Prepared: 2/11/2015 KF

COG Operating LLC

We approve:

% Working Interest

By: *Arden Energy LTD*

Printed Name: *Julian Arden*

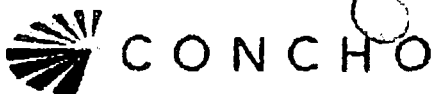
Title: *President*

Date: *5/21/15*

By:

Participated under order R-13913
JS

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



Via Certified Mail
Return Receipt: 91 7199 9991 7035 3278 8025

February 19, 2015

Mr. David R. Catanach
Attn: Mr. Phillip R. Goetze
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

RE: **Order R-13913, as amended by R-13913-A/Case No. 15185**
Application of COG Operating LLC for a non-standard spacing
unit and proration unit and compulsory pooling
Lea County, New Mexico

Dear Mr. Ard:

Pursuant to Ordering Paragraph 11 of Order R-13913, please find enclosed an itemized schedule of actual well costs for the Ivar the Boneless Federal #11H (API: 30-025-42514). By copy of this letter, the itemized schedule of actual well costs is also being sent to the New Mexico Oil Conservation Division.

Should you have any questions, please contact Joseph Scott at 432-688-6601 or jscott@concho.com.

Sincerely,

COG OPERATING LLC



Taylor Craighead
Land Coordinator

Enclosure(s)

CC:

Ard Oil, Ltd. & Ard Energy, Ltd.
Attn: Mr. Julian Ard
222 W. 4th Street PH 5
Fort Worth, TX 76102

**BEFORE THE OIL CONSERVATION
DIVISION**
Santa Fe, New Mexico
Exhibit No. 5
Submitted by: COG Operating LLC.
Hearing Date: October 13, 2016



Via Certified Mail
Return Receipt: 91 7199 9991 7035 3278 8018

February 19, 2015

Ard Oil, Ltd. & Ard Energy, Ltd.
Attn: Mr. Julian Ard
222 W. 4th Street PH 5
Fort Worth, TX 76102

RE: Order R-13913, as amended by R-13913-A/Case No. 15185
Application of COG Operating LLC for a non-standard spacing
unit and proration unit and compulsory pooling
Lea County, New Mexico

Dear Mr. Ard:

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Should you have any questions, please contact Joseph Scott at 432-688-6601 or jscott@concho.com.

Sincerely,

COG OPERATING LLC



Taylor Craighead
Land Coordinator

Enclosure(s)

CC:
Mr. David R. Catanach
Attn: Mr. Phillip R. Goetze
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

SENDER: COMPLETE THIS SECTION ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ 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.		COMPLETE THIS SECTION ON DELIVERY A. Signature X <i>Kamie Statton</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) C. Date of Delivery 2/19/16 D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:	
1. Article Addressed to: Ard Oil, Ltd. & Ard Energy, Ltd. Attn: Mr Julian Ard 222 W. 4th Street PH 5 Fort Worth, TX 76102 Re: Ivar the Boneless Fed #1111 - Actual Well Custs		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) PS Form 3811, July 2013		91 7199 9991 7035 3278 8018 Domestic Return Receipt	

SENDER: COMPLETE THIS SECTION ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ 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.		COMPLETE THIS SECTION ON DELIVERY A. Signature X <i>Kamie Statton</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) C. Date of Delivery 2/19/16 D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:	
1. Article Addressed to: Ard Oil, Ltd. & Ard Energy, Ltd. Attn: Mr Julian Ard 222 W. 4th Street PH 5 Fort Worth, TX 76102 Re: Ivar the Boneless Fed #1111 - Actual Well Custs		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) PS Form 3811, July 2013		91 7199 9991 7035 3278 8018 Domestic Return Receipt	

Ard Oil, Ltd. & Ard Energy, Ltd.
 Attn: Mr Julian Ard
 222 W. 4th Street PH 5
 Fort Worth, TX 76102

AFE Report (Gross)

AFE Category	Description	Budget	Actual Amount	Variance	Current Month Amount	Comment
AFE: 007285		IVAR THE BONELESS FED #11		02/01/2016		
Status: ACTIV						
Prospect:	IVAR THE BONELESS FED #11H					
Objective:	DRLG	Operator: COG OPERATING LLC				
Beginning Date:	12/01/2014	Completion Date:		Remarks: IVAR THE BONELESS FED #11		
IDC - ACP						
305	C-Lctn/Pits/Roads	25,000.00	18,740.45	6,259.55	0.00	
306	C-Completion OH	2,000.00	7,025.18	(5,025.18)	0.00	
311	C-Fuel & Power	5,000.00	0.00	5,000.00	0.00	
312	C-Water	85,000.00	83,110.31	1,889.69	0.00	
313	C-Bits	5,000.00	0.00	5,000.00	0.00	
314	C-Mud & Chemicals	0.00	17,038.02	(17,038.02)	0.00	Generated on Batch
319	C-Cement Productn	48,000.00	54,926.51	(6,926.51)	0.00	
321	C-Float Equipment	7,000.00	5,081.93	1,918.07	0.00	
322	C-Csg Crews & Equip	12,000.00	0.00	12,000.00	0.00	
325	C-Contract Labor	38,000.00	9,253.31	28,746.69	0.00	
326	C-Company Sprvsn	2,000.00	9,000.00	(7,000.00)	0.00	
327	C-Contract Sprvsn	46,000.00	55,264.17	(9,264.17)	0.00	
328	C-Tstg Csg/Tbg	4,500.00	5,556.59	(1,056.59)	0.00	
330	C-Logging	0.00	8,719.60	(8,719.60)	0.00	Generated on Batch
331	C-Perf/Wireline Svc	118,000.00	170,199.44	(52,199.44)	0.00	
332	C-Stimulation/Treating	782,000.00	935,194.35	(153,194.35)	0.00	
333	C-Completion Unit	35,000.00	17,360.28	17,639.72	0.00	
335	C-Rentals-Surface	230,000.00	139,130.38	90,869.62	0.00	
336	C-Rentals-Subsrfc	28,000.00	10,773.00	17,227.00	0.00	
337	C-Trucking/Forklift/Rtg Mob	50,000.00	72,452.85	(22,452.85)	0.00	
338	C-Welding Services	3,000.00	0.00	3,000.00	0.00	
339	C-Water Disposal	5,000.00	9,159.57	(4,159.57)	0.00	
342	C-Miscellaneous	0.00	924.69	(924.69)	0.00	Generated on Batch
343	C-Contingency	31,500.00	0.00	31,500.00	0.00	
344	C-Envmntl/Clsd Loop	0.00	543.04	(543.04)	0.00	Generated on Batch
IDC - ACP Totals		1,562,000.00	1,629,453.65	(67,453.65)	0.00	
IDC - BCP						
200.2000	IDC	0.00	0.00	0.00	0.00	Generated on Batch
200.2100	Compltm Cost Accrual	0.00	0.00	0.00	0.00	Generated on Batch
201	D-Title/Permits	11,000.00	215,336.65	(204,336.65)	0.00	
202	D-Insurance	4,000.00	710.93	3,289.07	0.00	
203	D-Damages/ROW	12,000.00	2,798.00	9,202.00	0.00	
204	D-Survey/Stake Lctn	3,000.00	13,319.23	(10,319.23)	0.00	
205	D-Lctn/Pits/Roads	80,000.00	138,828.18	(58,828.18)	0.00	
206	D-Drilling Overhead	4,000.00	5,203.84	(1,203.84)	0.00	
209	D-Daywork Contract	160,000.00	179,086.17	(19,086.17)	0.00	
210	D-Directional Drig Services	86,000.00	86,935.57	(935.57)	0.00	
211	D-Fuel & Power	28,000.00	28,769.24	(769.24)	0.00	
212	D-Water	31,000.00	64,713.34	(33,713.34)	0.00	
213	D-Bits	43,600.00	44,277.07	(677.07)	0.00	
214	D-Mud & Chemicals	37,000.00	31,432.31	5,567.69	0.00	
217	D-Cement Surface	17,000.00	27,089.30	(10,089.30)	0.00	
218	D-Cement Intermed	22,000.00	19,783.75	2,216.25	0.00	
221	D-Float Equipment & Centralizer	3,000.00	3,969.60	(969.60)	0.00	
222	D-Csg Crews & Equip	8,000.00	11,830.49	(3,830.49)	0.00	
224	D-Geologic/Engnrg	0.00	0.00	0.00	0.00	
225	D-Contract Labor	5,000.00	206,898.07	(201,898.07)	0.00	
226	D-Company Sprvsn	0.00	3,200.00	(3,200.00)	0.00	
227	D-Contract Sprvsn	19,000.00	27,690.65	(8,690.65)	0.00	
228	D-Tstg Csg/Tbg	2,490.00	8,218.99	(5,728.99)	0.00	

AFE Report (Gross)

AFE Category	Description	Budget	Actual Amount	Variance	Current Month Amount	Comment
229	D-Mud Logging Unit	20,000.00	10,079.58	9,920.44	0.00	
230	D-Logging	18,000.00	0.00	18,000.00	0.00	
231	D-Perf/Wireline Svc	1,500.00	0.00	1,500.00	0.00	
235	D-Rentals-Surface	42,000.00	67,668.05	(25,668.05)	0.00	
236	D-Rentals-Subsrfc	52,000.00	48,958.01	3,043.99	0.00	
237	D-Trucking/Forklift/Rig Mob	58,000.00	97,888.99	(39,888.99)	0.00	
238	D-Welding Services	5,000.00	1,101.24	3,898.76	0.00	
242	D-Miscellaneous	0.00	79,525.62	(79,525.62)	0.00	Generated on Batch
243	D-Contingency	17,410.00	0.00	17,410.00	0.00	
244	D-Envmntl/Clsd Loop	80,000.00	110,170.82	(50,170.82)	0.00	
IDC - BCP Totals		848,000.00	1,533,481.67	(685,481.67)	0.00	
L&W EQUIP - ACP						
503	C-Productn Csg/Liner	199,000.00	186,394.22	12,605.78	0.00	
504	C-Tubing	27,000.00	25,275.18	1,724.82	0.00	
505	C-Wellhead Equip	14,000.00	15,466.92	(1,466.92)	0.00	
506	PEQ-Pumping Unit	72,000.00	0.00	72,000.00	0.00	
508	PEQ-Rods	16,000.00	0.00	16,000.00	0.00	
509	C-Pumps-Bottomhole	63,000.00	28,791.88	34,208.12	0.00	
510	TB-Tanks	19,000.00	85,515.45	(66,515.45)	0.00	
511	TB-Flowlines/Pipelines	11,000.00	38,546.35	(27,546.35)	0.00	
512	TB-Htr Trlr/Seprtr	29,000.00	175,182.70	(146,182.70)	0.00	
513	TB-Electrical System/Equipment	18,000.00	68,274.91	(50,274.91)	0.00	
514	C-Pckrs/Anchors/Hgrs	2,000.00	0.00	2,000.00	0.00	
515	TB-Couplings/Fittings/Valves	36,000.00	218,934.36	(182,934.36)	0.00	
516	TB-Gas Compressors	4,000.00	1,334.91	2,665.09	0.00	
519	C-Miscellaneous Other Equip	4,000.00	52,728.78	(48,728.78)	0.00	
520	C-Contingency	0.00	0.00	0.00	0.00	
521	TB-Pumps-Surface	0.00	10,736.90	(10,736.90)	0.00	Generated on Batch
522	TB-Instrumentation/SCADA Equi	0.00	4,236.65	(4,236.65)	0.00	Generated on Batch
681	FAC-Flowlines-Pipelines	0.00	0.00	0.00	0.00	Generated on Batch
685	FAC-Couplings/Fittings/Valves	0.00	0.00	0.00	0.00	Generated on Batch
L&W EQUIP - ACP Totals		514,000.00	911,419.21	(397,419.21)	0.00	
L&W EQUIPMENT - BCP						
401	D-Surface Casing	18,000.00	29,553.11	(11,553.11)	0.00	
402	D-Intermed Csg	49,000.00	50,153.15	(1,153.15)	0.00	
405	D-Wellhead Equip	8,200.00	16,543.40	(8,343.40)	0.00	
415	D-Couplings/Fittings/Valves	500.00	0.00	500.00	0.00	
419	D-Miscellaneous	500.00	0.00	500.00	0.00	
420	D-Contingency	800.00	0.00	800.00	0.00	
L&W EQUIPMENT - BCP Totals		77,000.00	96,249.66	(19,249.66)	0.00	
OTHER						
270.2800	Proved Compl Cost Accrual	0.00	0.00	0.00	0.00	Generated on Batch
270.2800	Proved Property Accrual Accoun	0.00	0.00	0.00	0.00	Generated on Batch
270.2901	JIB/Unbilled Accrual	0.00	0.00	0.00	0.00	Generated on Batch
270.2902	Suspense Prov Compl Accrual	0.00	0.00	0.00	0.00	Generated on Batch
OTHER Totals		0.00	0.00	0.00	0.00	
Total Well Costs		3,001,000.00	4,170,604.19	(1,169,604.19)	0.00	
		3,001,000.00	4,170,604.19	(1,169,604.19)	0.00	

Afe = 007265 IVAR THE
 BONELESS FED #11H
 Current Month =
 2/1/2016 12:00:00 AM

Estimated Total Cost under May 2015 AFE: \$3,403,000

Actual Costs under February 2016 Report: \$4,170,604

Difference: \$767,604

Primary Line Item Differences:

Title/Curative/Permit:	\$215,336 instead of \$11,000	[\$204,336 diff]
Couplings/Fittings/Valves:	\$218,934 instead of \$36,500	[\$182,434 diff]
Contract Labor:	\$206,898 instead of \$71,150	[\$135,748 diff]
Heater Treater/Separator:	\$175,182 instead of \$29,000	[\$146,182 diff]
Miscellaneous:	\$79,525 instead of \$0	[\$79,525 diff]

Total diff. **\$748,225**

Township 17 South, Range 32 East
Section 15: W2W2
Leasehold Interest
Lea County, NM

Tract 1			
Tract 2			

Tract 1: W/2NW, NWSW (120 acres)	Working Interest
COG Operating LLC	56.111110%
Lindy's Living Trust	14.166667%
Lynx Petroleum Cororation	1.388889%
Ard Oil, Ltd. & Ard Energy, Ltd.	7.083333%
Estate of Josephehine T. Hudson	7.083334%
Edward R. Hudson, Jr. & Ann F. Hudson, wife	7.083334%
Zorro Partners, Ltd.	7.083333%

Tract 2: SWSW (40 acres)	Working Interest
ConocoPhillips Co.	100.000000%

Ivar the Boneless Fed #1H Unit Recap	Working Interest
COG Operating LLC	42.083329%
*Conoco Phillips Co.	25.000000%
*Lynx Petroleum Consultants, Inc	1.041668%
*Lindy's Living Trust created by trust agreement 7/8/1994	10.624999%
*Ard Oil, Ltd. & Ard Energy, Ltd.	5.312501%
*Zorro Partners, Ltd.	5.312501%
*Estate of Josephine T. Hudson	5.312501%
*Edward R. Hudson, Jr. & Ann F. Hudson, wife	5.312501%

*Uncommitted Owners to the Unit

BEFORE THE OIL CONVERSATION
DIVISION
 Santa Fe, New Mexico
Exhibit No. 7
 Submitted by: **COG Operating LLC.**
 Hearing Date: October 13, 2016