

DISTRICT I  
1825 N. FRENCH DR., HOBBS, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II  
811 S. FIRST ST., ARTESIA, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-0720

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) 476-3460 Fax: (505) 476-3462

State of New Mexico  
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

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-015-</b>	Pool Code <b>39350</b>	Pool Name <b>Livingston Ridge; Bone Spring</b>
Property Code <b>37495</b>	Property Name <b>TANKLESS FEDERAL COM</b>	Well Number <b>2H</b>
OGRD No. <b>217955</b>	Operator Name <b>COG PRODUCTION, LLC</b>	Elevation <b>3446.4'</b>

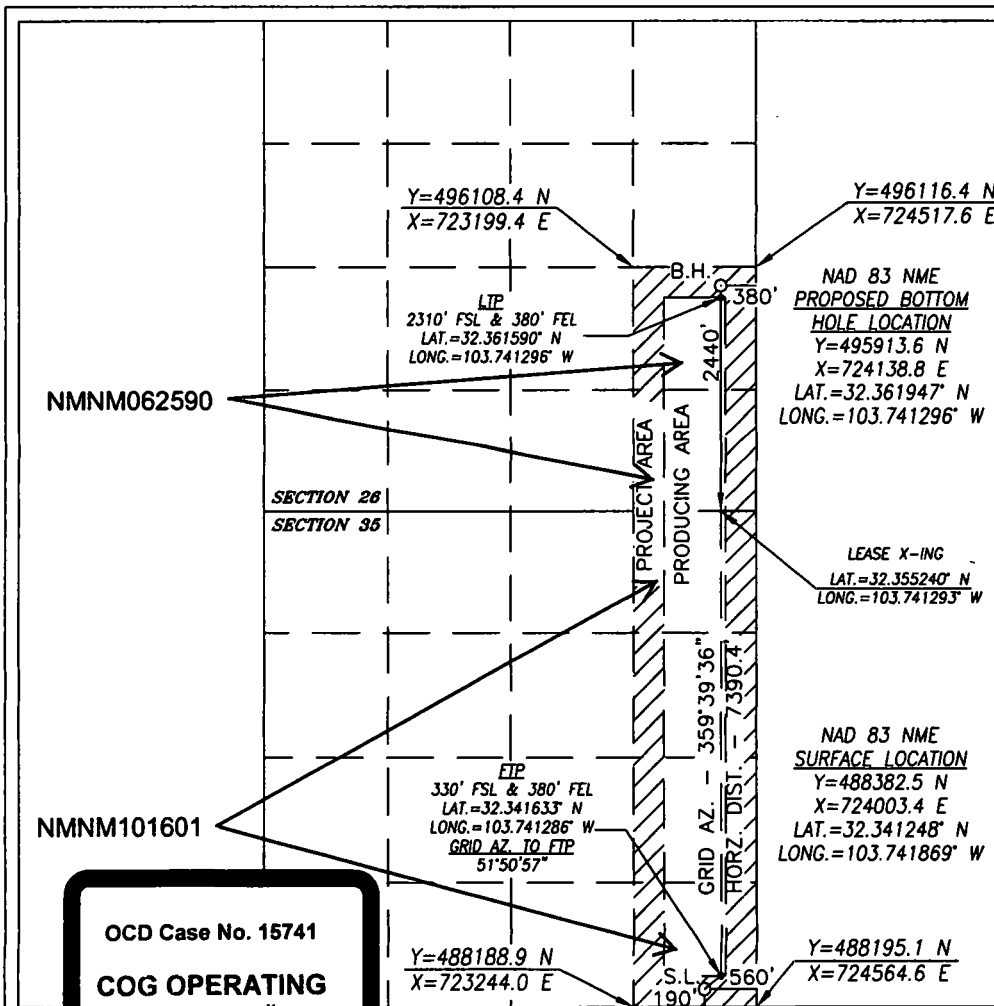
**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	22-S	31-E		190	SOUTH	560	EAST	EDDY

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	26	22-S	31-E		2440	SOUTH	380	EAST	EDDY
Dedicated Acres <b>240</b>	Joint or Infill	Consolidation Code	Order No.						

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



**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 unless 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.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
**Mayte Reyes**  
Printed Name  
**mreyes1@concho.com**  
E-mail Address

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field 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.

**DECEMBER 15, 2016**

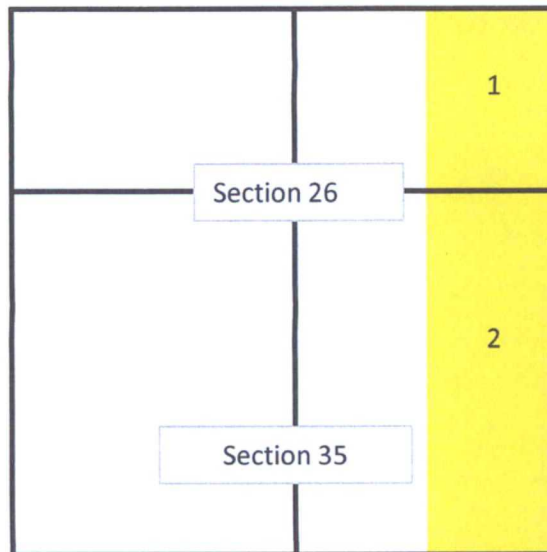
Date of Survey

Signature & Seal of Professional Surveyor



**Chad L. Harcrow** 4/4/17  
Certificate No. CHAD HARCROW 17777  
W.O. #17-433 DRAWN BY: SA

**Tankless Federal Com 2H**  
**Township 22 South, Range 31 East**  
**Section 35: E/2E/2 and Section 26 E/2SE/4**  
**Eddy County, New Mexico**



**Tract 1: E/2SE/4 of Section 26**

OXY USA Inc.	100.00%
--------------	---------

**Tract 2: E/2E/2 of Section 35**

COG Operating LLC	25.00%
Marshall & Winston, Inc.	10.00%
Oxy USA Inc.	50.00%
Oil & Gas Equity Holding LLC	7.50%
McCombs Energy Ltd.	7.50%

**Unit Working Interest**

COG Operating LLC	16.67%
Marshall & Winston, Inc.	6.67%
Oxy USA Inc.	66.67%
Oil & Gas Equity Holding LLC	5.00%
McCombs Energy Ltd.	5.00%
	100.00%

Uncommitted Working Interest Owners



COPY

April 26, 2017

***Via Certified Mail, Return Receipt Requested***

**WORKING INTEREST OWNERS LISTED ON ATTACHED EXHIBIT "A"**

Re: Tankless Federal Com #2H  
E/2 E/2 Section 35, T22S-R31E  
E/2 SE/4 Section 26, T22S-R31E  
Eddy County, New Mexico

Dear Gentlemen:

COG Operating, LLC ("COG") hereby proposes the drilling of the above-referenced horizontal well. The Tankless Federal Com #2H well will be drilled to a depth sufficient to adequately test the 2<sup>nd</sup> Bone Spring formation at a total measured depth of approximately 17,300'. The surface location for this well is proposed at a legal location in Unit P, Section 35-T22S-R31E with a bottom hole location at a legal location in Unit I, Section 26, T22S-R31E, with the dedicated project area being the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, Eddy County, New Mexico.

Included herewith is our Authority for Expenditure ("AFE") for the Tankless Federal Com #2H in the gross amount of \$8,553,900, being the total estimated cost to drill and complete said well. An Operating Agreement will follow shortly under separate cover.

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements, to my attention at the letterhead address or by email to [aroush@concho.com](mailto:aroush@concho.com). Should you have any questions, please do not hesitate to contact me at 432.818.2358.

If we do not reach an agreement within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

Sincerely,

COG Operating LLC

A handwritten signature in black ink, appearing to read "Ashley Roush".

Ashley Roush, RPL  
Landman

AR:bh  
Enc

OCD Case No. 15741

COG OPERATING  
Exhibit # 3

April 26, 2017  
Page 2

\_\_\_\_\_ I/We hereby elect to participate in the Tankless Fed Com 2H.

\_\_\_\_\_ I/We hereby elect not to participate in the Tankless Fed Com 2H.

Company: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

April 26, 2017  
Page 3

**EXHIBIT "A"**  
**WORKING INTEREST OWNERS**

*Via Certified Mail, Return Receipt Requested*  
**No. 91 7199 9991 7036 0800 4141**  
OXY USA, Inc.  
Attn: Jeremy Murphrey  
5 Greenway Plaza, Suite 110  
Houston, TX 77046

*Via Certified Mail, Return Receipt Requested*  
**No. 91 7199 9991 7036 0800 4158**  
Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, TX 79710

*Via Certified Mail, Return Receipt Requested*  
**No. 91 7199 9991 7036 0800 4165**  
McCombs Energy Ltd.  
5599 San Felipe, Suite 1200  
Houston, TX 77056

*Via Certified Mail, Return Receipt Requested*  
**No. 91 7199 9991 7036 0761 6505**  
Oil & Gas Equity Holding LLC  
777 N. Eldridge Parkway, Suite 270  
Houston, TX 77079

Confirmation Services	Package ID: 9171999991703608004141	Electronic Certified
	Destination ZIP Code: 77046	First Class Letter
	Customer Reference:	
	Recipient: <i>Oxy USA Inc</i>	PBP Account #: 41592288
	Address:	Serial #: 1396235
		APR 26 2017 4:15 PM

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p><i>Tankless FedCom 2H - Well Proposal</i></p> <p><i>OXY USA, Inc.</i>  <i>Attn: Jeremy Murphrey</i>  <i>5 Greenway Plaza, Suite 110</i>  <i>Houston, TX 77046</i></p> <p>2. Article Number (Transfer from service label)</p> <p><i>91 7199 9991 7036 0800 4141</i></p>		<p>A. Signature</p> <p><i>[Signature]</i></p> <p>B. Received by (Printed Name)</p> <p><i>[Signature]</i></p> <p>C. Date of Delivery</p> <p><i>[Signature]</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
PS Form 3811, July 2015 PSN 7530-02-000-9053		Domestic Return Receipt	

Confirmation Services	Package ID: 9171999991703608004158	Electronic Certified
	Destination ZIP Code: 79710	First Class Letter
	Customer Reference:	
	Recipient: <i>Marshall &amp; Winston</i>	PBP Account #: 41592288
	Address:	Serial #: 1396235
		APR 26 2017 4 16 PM

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p><i>Tankless FedCom 2H</i></p> <p><i>Marshall &amp; Winston, Inc.</i>  <i>P.O. Box 50880</i>  <i>Midland, TX 79710</i></p> <p>2. Article Number (Transfer from service label)</p> <p><i>91 7199 9991 7036 0800 4158</i></p>		<p>A. Signature</p> <p><i>[Signature]</i></p> <p>B. Received by (Printed Name)</p> <p><i>[Signature]</i></p> <p>C. Date of Delivery</p> <p><i>[Signature]</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
PS Form 3811, July 2015 PSN 7530-02-000-9053		Domestic Return Receipt	

Confirmation Services	Package ID: 9171999991703608004165	Electronic Certified
	Destination ZIP Code: 77056	First Class Letter
	Customer Reference:	
	Recipient: <i>W. Combs Energy</i>	PBP Account #: 41592288
	Address: _____	Serial #: 1396235 APR 26 2017 4:17 PM

Confirmation Services	Package ID: 9171999991703607616505	Electronic Certified
	Destination ZIP Code: 77079	First Class Letter
	Customer Reference:	
	Recipient: <i>Oil &amp; Gas Equity</i>	PBP Account #: 41592288
	Address: _____	Serial #: 1396235 APR 26 2017 4:18 PM



ONE CONCHO CENTER  
600 W. ILLINOIS AVENUE  
MIDLAND, TX 79701

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT  
OF THE RETURN ADDRESS TOLD AT POSTER LINE  
**CERTIFIED MAIL**



U.S. POSTAGE **PITNEY BOW**  
ZIP 79701 \$ 007.7  
02 1W  
0001396235 JUN 14 20

91 7199 9991 7036 0761 6178

Oil & Gas Equity Holding LLC  
777 N. Eldridge Parkway, Suite 270  
Houston, TX 77079

*Handwritten:* BC 6/17 VAC

*Handwritten:* 1CC4

**SENDER: 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.

1. Article Addressed to:

*Handwritten:* Tankless Fed Com 2H  
Comm A

Oil & Gas  
777 N. E  
Houston,

**NIXIE**

**770795020-1N**

**07/08/17**

**RETURN TO SENDER  
VACANT  
UNABLE TO FORWARD  
RETURN TO SENDER**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

**X**

☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below



☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery  
☐ Collect on Delivery Restricted Delivery  
☐ Return Receipt for Merchandise  
☐ Signature Confirmation™



**Brittany Hull**

---

**From:** TrackingUpdates@fedex.com  
**Sent:** Monday, June 05, 2017 9:44 AM  
**To:** Brittany Hull  
**Subject:** [External] FedEx Shipment 779291875286 Delivery Exception

\*\*\*\* External email. Use caution. \*\*\*\*

**We were unable to complete delivery of your package**

See "Resolving Delivery Issues" for recommended actions

See "Preparing for Delivery" for helpful tips

Tracking # 779291875286



Ship date:  
**Fri, 6/2/2017**  
Ashley Roush  
Concho  
Midland, TX 79701  
US



Scheduled delivery:  
**Pending**

⌚ Estimated between:  
**10:45 am - 2:40 pm**  
**O & G EQUITY HOLDING LLC**  
6955 HIGH LIFE DR  
HOUSTON, TX 77066  
US

### Shipment Facts

FedEx attempted, but was unable to complete delivery of the following shipment:

Tracking number: **779291875286**

Status: Delivery exception

**Service type:** FedEx Standard Overnight  
**Packaging type:** FedEx Pak  
**Number of pieces:** 1  
**Weight:** 1.00 lb.  
**Special handling/Services:** Deliver Weekday  
**Standard transit:** 6/5/2017 by 3:00 pm

## Resolving Delivery Issues

The reason delivery was not completed is outlined below. Where applicable, resolution recommendations are also provided.


Exception Reason	Recommended Action
1. Incorrect Address	<u>Contact us</u> to provide correct delivery address and/or additional delivery information.

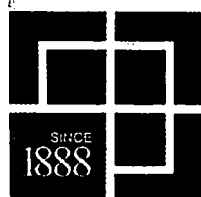
## Preparing for Delivery

To help ensure successful delivery of your shipment, please review the below.

### Won't be in?

You may be able to hold your delivery at a convenient FedEx World Service Center or FedEx Office location for pick up. Track your shipment to determine Hold at FedEx location availability.

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 9:43 AM CDT on 06/05/2017.



# HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER

Gary W. Larson,  
Partner

glarson@hinklelawfirm.com

June 15, 2017

## VIA CERTIFIED MAIL

OXY USA, Inc.  
Attn: Jeremy Murphrey  
5 Greenway Plaza, Suite 110  
Houston, TX 77046

Re: COG Operating LLC NMOCD Application

Dear Mr. Murphrey:

Enclosed is a copy of an application for approval of a 240-acre, non-standard spacing and proration unit and compulsory pooling that COG Operating LLC ("COG") has filed with the New Mexico Oil Conservation Division ("the Division"). The proposed non-standard spacing and proration unit is comprised of the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

This matter (Case No. 15741) is scheduled for hearing at 8:15 a.m. on Thursday, July 6, 2017 in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. OXY USA, Inc. ("OXY") 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 OXY 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, June 29, 2017. 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.

Very truly yours,

Gary W. Larson

GWL:sm  
Enclosure

OCD Case No. 15741

**COG OPERATING  
Exhibit # 4**

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332

PO BOX 1720  
ARTESIA, NEW MEXICO 88210  
575-622-6510  
(FAX) 575-746-6316

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

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY														
<p><input checked="" type="checkbox"/> Complete items 1, 2, and 3.</p> <p><input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.</p> <p><input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>Marshall &amp; Winston, Inc. P.O. Box 30880 Midland, TX 79710</p> <p style="text-align: center;">9590 9402 2691 6351 8884 25</p> <p>2. Article Number (Transfer from service label)</p> <p style="text-align: center;">7015 0640 0001 6339 3295</p>	<p>A. Signature <b>X</b> <i>[Signature]</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Trina Ford</i> C. Date of Delivery <i>6/21/17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> <p>3. Service Type</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Restricted Delivery</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Restricted Delivery	
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®														
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™														
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery														
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise														
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™														
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery														
<input type="checkbox"/> Restricted Delivery															

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY														
<p><input checked="" type="checkbox"/> Complete items 1, 2, and 3.</p> <p><input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.</p> <p><input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>McCombs Energy Ltd. 5599 San Felipe, Suite 1200 Houston, TX 77056</p> <p style="text-align: center;">9590 9402 2691 6351 8884 01</p> <p>2. Article Number (Transfer from service label)</p> <p style="text-align: center;">7015 0640 0001 6339 3318</p>	<p>A. Signature <b>X</b> <i>[Signature]</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery <i>6-19-17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> <p>3. Service Type</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Restricted Delivery</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Restricted Delivery	
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®														
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™														
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery														
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise														
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™														
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery														
<input type="checkbox"/> Restricted Delivery															

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT  
*Domestic Mail Only*

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage \$

Total Postage and Fees \$

Sent To


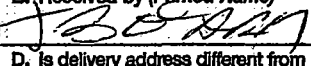
Street and Apt. No., or PO Box No. *777 N. Eldridge Pkwy, Ste. 270*

City, State, ZIP+4® *Houston, TX 77079*

Postmark Here

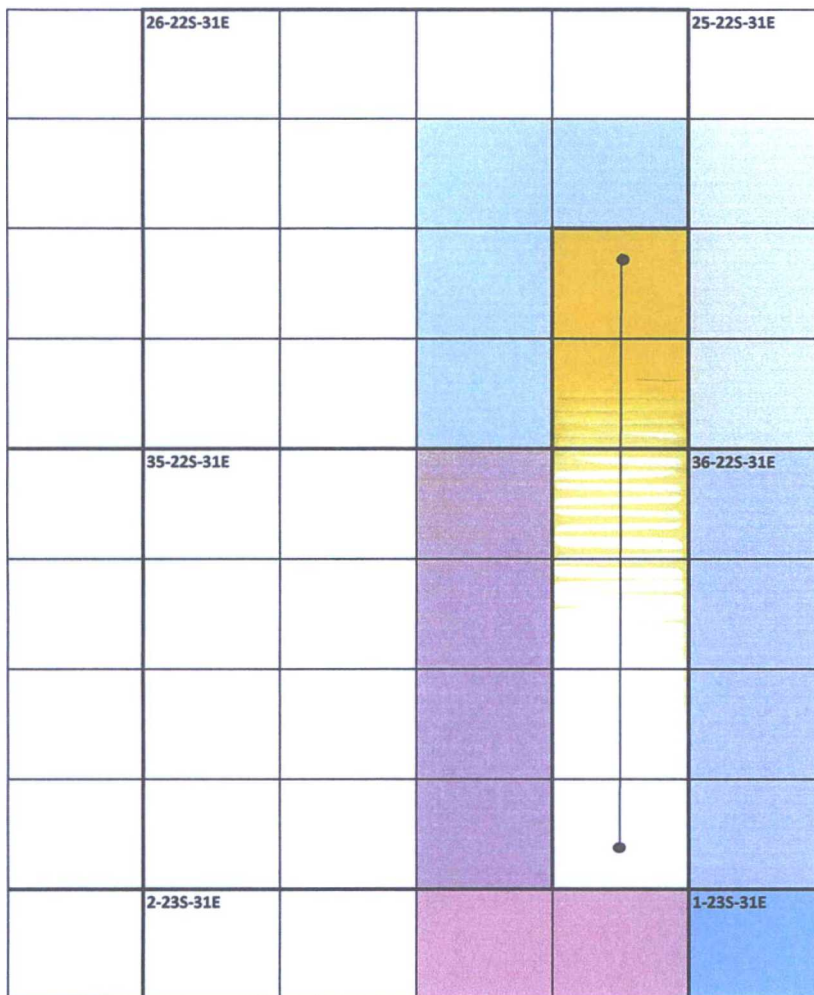
USPS

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY																
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature   <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)  </p> <p>C. Date of Delivery</p>																
<p>1. Article Addressed to:</p> <p>OXY USA, Inc.  Attn: Jeremy Murphrey  5 Greenway Plaza, Suite 110  Houston, TX 77046</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes  If YES, enter delivery address below: <input type="checkbox"/> No</p>																
<p>2. Article Number (Transfer from service label)</p> <p>9590 9402 2691 6351 8884 32</p> <p>7015 0640 0001 6339 3288</p>	<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Insured Mail</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Insured Mail Restricted Delivery</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Insured Mail		<input type="checkbox"/> Insured Mail Restricted Delivery	
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®																
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<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery																
<input type="checkbox"/> Insured Mail																	
<input type="checkbox"/> Insured Mail Restricted Delivery																	

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt



**NMNM 062590**  
 1 OXY USA Inc. (Lessee)  
 5 Greenway Plaza #110  
 Houston, TX 77046  
 2 PXP Producing Co LLC (Lessee)  
 717 Texas St Suite 2100  
 Houston, TX 77002

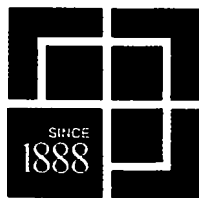
**NMNM 101601**  
 1 OXY USA Inc. (Lessee)  
 P.O. Box 27570  
 Houston, TX 77227

**V0-0302-08**  
 1 Devon Energy Prod. Co. (Lessee)  
 333 West Sheridan Avenue  
 Oklahoma City, OK 73102

**NMNM 022080**  
 1 ZPZ Delaware I LLC (Lessee)  
 2000 Post Oak Blvd Suite 100  
 Houston, TX 77056

**Ark 36 St 1H well**  
 1 Devon Energy Prod. Co. (Operator)  
 333 West Sheridan Avenue  
 Oklahoma City, OK 73102

**NMNM 025365**  
 1 OXY USA Inc.  
 5 Greenway Plaza, Suite 110  
 Houston, TX 77046  
 2 PXP Producing Co LLC  
 717 Texas St Suite 2100  
 Houston, TX 77022



hinklelawfirm.com

# HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Gary W. Larson,  
Partner

glarson@hinklelawfirm.com

June 15, 2017

## VIA CERTIFIED MAIL

Devon Energy Production Company  
333 West Sheridan Avenue  
Oklahoma City, OK 73102

Re: COG Operating LLC NMOCD Application

Dear Sir or Madam:

Enclosed is a copy of an application for approval of a 240-acre, non-standard spacing and proration unit and compulsory pooling that COG Operating LLC ("COG") has filed with the New Mexico Oil Conservation Division ("the Division").

The proposed non-standard spacing and proration unit is comprised of the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. The location of the proposed project area is orthodox. Devon Energy Production Company's ("Devon") interests are not being pooled, but as the owner of an interest in an offsetting tract, it is entitled to receive notice of COG's application.

This matter (Case No. 15741) is scheduled for hearing at 8:15 a.m. on Thursday, July 6, 2017 in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Devon is not required to attend this hearing, but as an owner of an interest in an offset tract, it has the right to appear at the hearing and present testimony. If Devon does not appear at the hearing it will be precluded from contesting the matter at a later date.

A party appearing in the 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, June 29, 2017. 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.

Very truly yours,

Gary W. Larson

OCD Case No. 15741

**COG OPERATING  
Exhibit # 6**

GWL:sm  
Enclosure

PO BOX 10  
ROSWell, NEW MEXICO 88202  
575-822-8510  
(FAX) 575-823-9332

PO BOX 1720  
ARTESIA, NEW MEXICO 88210  
575-822-8510  
(FAX) 575-746-6316

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

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>Devon Energy Production Co. 333 West Sheridan Avenue Oklahoma City, OK 73102</p> <p>9590 9402 2691 6351 8884 56</p> <p>2. Article Number (Transfer from service label)</p> <p>7015 0640 0001 6339 3264</p>	<p>A. Signature x David Carrillo</p> <p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

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<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>PXP Producing Company LLC 717 Texas Street, Suite 2100 Houston, TX 77002</p> <p>9590 9402 2691 6351 8884 63</p> <p>2. Article Number (Transfer from service label)</p> <p>7014 0510 0000 9539 2558</p>	<p>A. Signature X John G. Webb</p> <p>B. Received by (Printed Name)</p> <p>C. Date of Delivery 6-2-2017</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

U.S. Postal Service™  
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For delivery information, visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$

Total Postage and Fees \$

Sent To ZPZ Delaware I LLC

Street and Apt. No., or PO Box 2000 Post Oak Blvd., Ste. 100

City, State, ZIP+4® Houston, TX 77056

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

Postmark JUN 1 5 2017



June 16, 2017

This is to notify all interested parties, including OXY USA Inc., McCombs Energy Ltd., Marshall & Winston, Inc., Oil & Gas Equity Holding LLC, PXP Producing Company LLC, ZPZ Delaware I LLC, Devon Energy Production Company, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by COG Operating LLC (Case No. 15741) at 8:15 a.m. on July 6, 2017 in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico. COG Operating LLC seeks an order (i) creating a 240-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, NMPM, in Eddy County, and (ii) pooling all uncommitted mineral interests in the Bone Spring formation underlying this acreage. The project area is to be dedicated to the Tankless Federal Com #2H horizontal well, which will have a surface location in Unit P of Section 35 and a bottom hole location in Unit I of Section 26, Township 22 South, Range 31 East. The completed interval for the well will be within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, 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 proposed project area is located approximately twenty-nine (29) miles east of Carlsbad, New Mexico.

## Affidavit of Publication

State of New Mexico,  
County of Eddy, ss.

**Danny Fletcher**, being first duly sworn, on oath says:

That he is the Publisher 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:

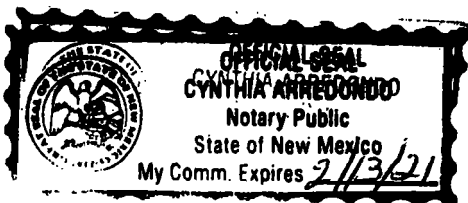
June 16 2017

That the cost of publication is \$89.49 and that payment thereof has been made and will be assessed as court costs.

Subscribed and sworn to before me this 16 day of June 2017

My commission Expires 2/13/21

Notary Public



OCD Case No. 15741

COG OPERATING  
Exhibit # 7

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

<b>WELL NAME:</b> Tankless Federal #2H	<b>PROSPECT NAME:</b> #717184	<b>Deep 28SS no PH 1.5M</b>
<b>SHL:</b> SEC 35: 180 FSL & 580 FEL	<b>STATE &amp; COUNTY:</b> New Mexico, Eddy	
<b>BHL:</b> SEC 28: 2440 FSL & 380 FEL	<b>OBJECTIVE:</b> Drill & Complete	
<b>FORMATION:</b> 2BS	<b>DEPTH:</b> 17,300	
<b>LEGAL:</b> 35-22S-31E	<b>TVD:</b> 10,165	

		<u>Date - Rig</u> <u>Release(D)</u>	<u>Completion(C)</u>	<u>Tank Bivy</u> <u>Constraint(TB)</u>	<u>Pmpa</u> <u>Endowment(PEQ)</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>						
Title/Conveyance/Permit	201	11,000				11,000
Insurance	202	4,000	302			4,000
Damages/Right of Way	203	5,000	303	351		5,000
Survey/State Location	204	5,000		352		5,000
Location/Post/Road Expense	205	120,000	305	143,000	353	278,000
Drilling / Completion Overhead	206	10,000	306			10,000
Turnkey Contract	207	0	307			0
Footage Contract	208	0	308			0
Daywork Contract	209	565,000	309			565,000
Directional Drilling Services	210	137,000	310			137,000
Fuel & Power	211	93,000	311	354	357	98,500
Water	212	95,000	312	758,000	358	851,000
Rts	213	66,000	313	8,000	359	72,000
Mud & Chemicals	214	70,000	314	34,000	370	104,000
Drill Stem Test	215	0	315			0
Coring & Analysis	216	0				0
Cement Surface	217	32,000				32,000
Cement Intermediate	218	50,000				50,000
Cement 2nd Intermediate/Production	219	130,000				130,000
Cement Squeeze & Other (Pickoff Plug)	220	0			371	0
Float Equipment & Controls	221	35,000				35,000
Casing Crews & Equipment	222	35,000				35,000
Fishing Tools & Service	223	0	323		372	0
Geologic/Engineering	224	0	324	355		0
Contract Labor	225	7,000	325	23,800	374	140,800
Company Supervision	226	60,000	326	30,000	375	90,000
Contract Supervision	227	68,000	327	103,000	376	298,500
Testing Casing/Tubing	228	20,000	328	10,000	377	30,000
Mud Logging Unit	229	27,000	329			37,000
Logging	230	0			378	0
Perforating/Wireline Service	231	4,000	331	299,000	379	303,000
Simulation/Testing			332	2,450,000	380	2,450,000
Completion Unit			333	118,000	381	125,700
Swabbing Unit			334		382	0
Rentals-Surface	235	135,000	335	229,000	383	370,800
Rentals-Subsurface	236	80,000	336	60,000	384	140,000
Trucking/Forklift/Rig Mobilization	237	135,000	337	40,000	385	180,500
Wellbore Services	238	4,000	338	5,000	386	9,000
Water Disposal	239	0	339	60,000	387	105,000
Plug to Abandon	240	0	340			0
Seismic Analysis	241	0	341			0
Miscellaneous	242	0	342		389	0
Contingency	243	123,000	343	175,000	390	298,000
Closed Loop & Environmental	244	150,000	344	5,000	391	155,000
Coil Tubing			345			0
Flowback Crews & Equip			347	72,000		72,000
Offset Directional/Plan	246	0	348			0
<b>TOTAL INTANGIBLES</b>		<b>2,317,000</b>	<b>4,489,300</b>	<b>390,000</b>	<b>25,300</b>	<b>7,221,600</b>

		<u>Date - Rig</u> <u>Release(D)</u>	<u>Completion(C)</u>	<u>Tank Bivy</u> <u>Constraint(TB)</u>	<u>Pmpa</u> <u>Endowment(PEQ)</u>	<u>TOTAL</u>
<b>TANGIBLE COSTS</b>						
Surface Casing	401	23,000				23,000
Intermediate Casing	402	115,000	0			115,000
Production Casing/Liner	403	250,000				250,000
Tubing			504	48,600	530	48,600
Wellhead Equipment	405	25,000	505	20,900	531	49,200
Pumpjack Unit					532	111,000
Pdms Mover			0		533	0
Roads					534	49,500
Pumps-Sub Surface (BHT)		509	0		535	5,600
Tanks				510	75,000	75,000
Flowlines				511	35,000	35,000
Heater Treater/Separator				512	91,000	91,000
Electrical System				513	75,000	75,000
Packers/Anchors/Pluggers	414	0	514	8,000	534	5,000
Couplings/Fittings/Valves	415	0		515	250,000	250,000
Dehydration				516		0
Injection Plant/CO2 Equipment			0	517		0
Pumps-Surface			0	521	25,000	25,000
Instrumentation/SCADA/POC				522	4,400	4,400
Miscellaneous	419	0	519	523		0
Contingency	420	0	520	524		0
Miscellaneous				525	29,000	29,000
Flares/Combustion/Emission				526	50,000	50,000
Gas Lift/Compression		527	15,000	516	25,000	40,000
<b>TOTAL TANGIBLES</b>		<b>413,000</b>	<b>60,500</b>	<b>639,000</b>	<b>174,000</b>	<b>1,352,500</b>
<b>TOTAL WELL COSTS</b>		<b>2,730,000</b>	<b>4,578,800</b>	<b>1,045,000</b>	<b>200,100</b>	<b>8,693,900</b>

COG Operating LLC      % of Total Well Cost

Date Prepared: 3/21/2017

COG Operating LLC

We approve:  
\_\_\_\_\_, % Working Interest

By: RSL      IV      TC 3-31-17

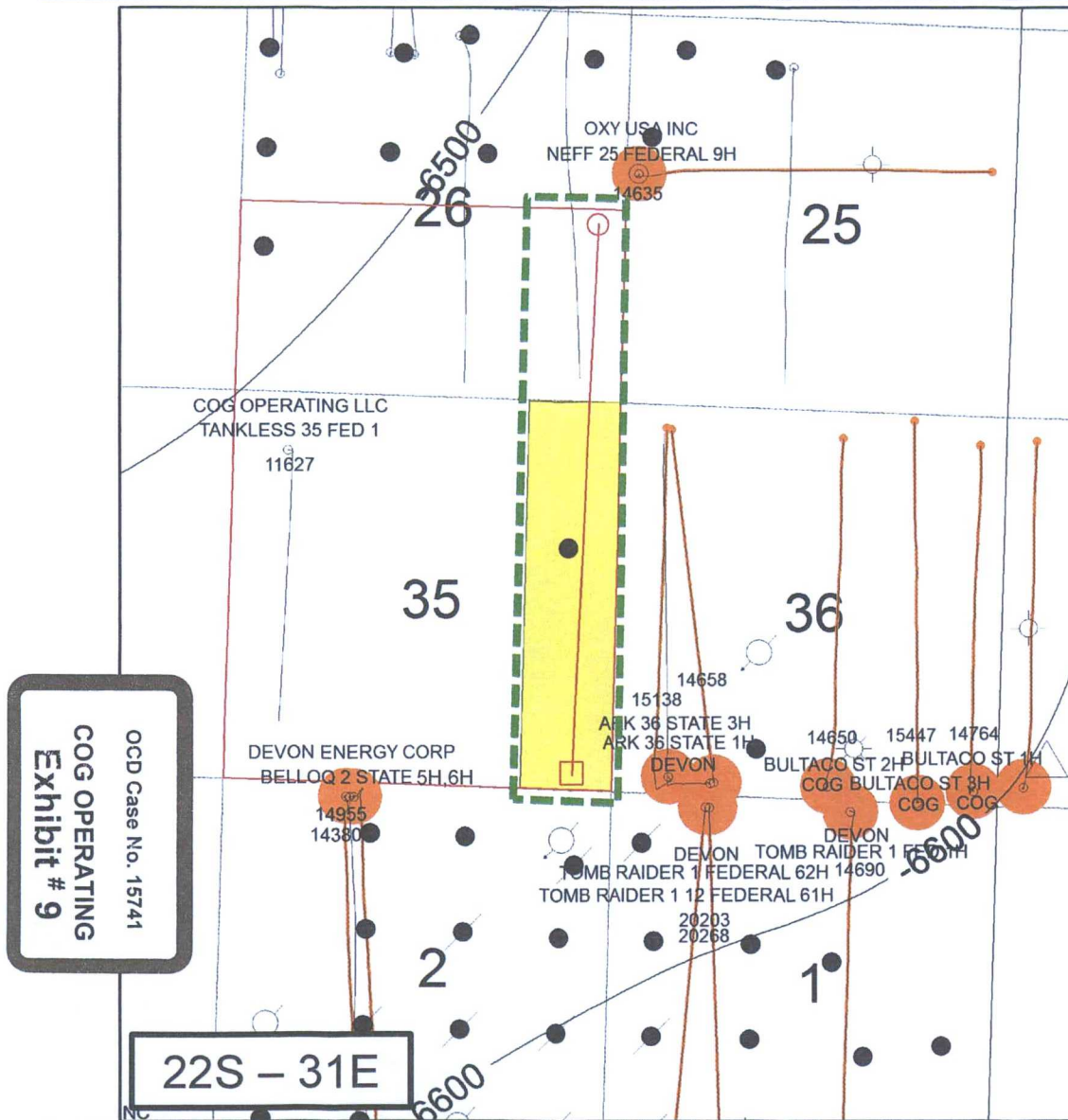
Company:  
By:  
  
Printed Name:  
Title:  
Date:

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

OCD Case No. 15741

**COG OPERATING  
Exhibit # 8**

# Livingston Ridge; Bone Spring Pool 2<sup>nd</sup> Bone Spring Sand Structure Map



## Map Legend

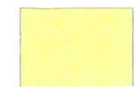
SHL

COG - Horizontal Location

BHL

Producing 2<sup>nd</sup> Bone Spring Sand Wells

2<sup>nd</sup> Bone Spring Sand Structure CI: 100'

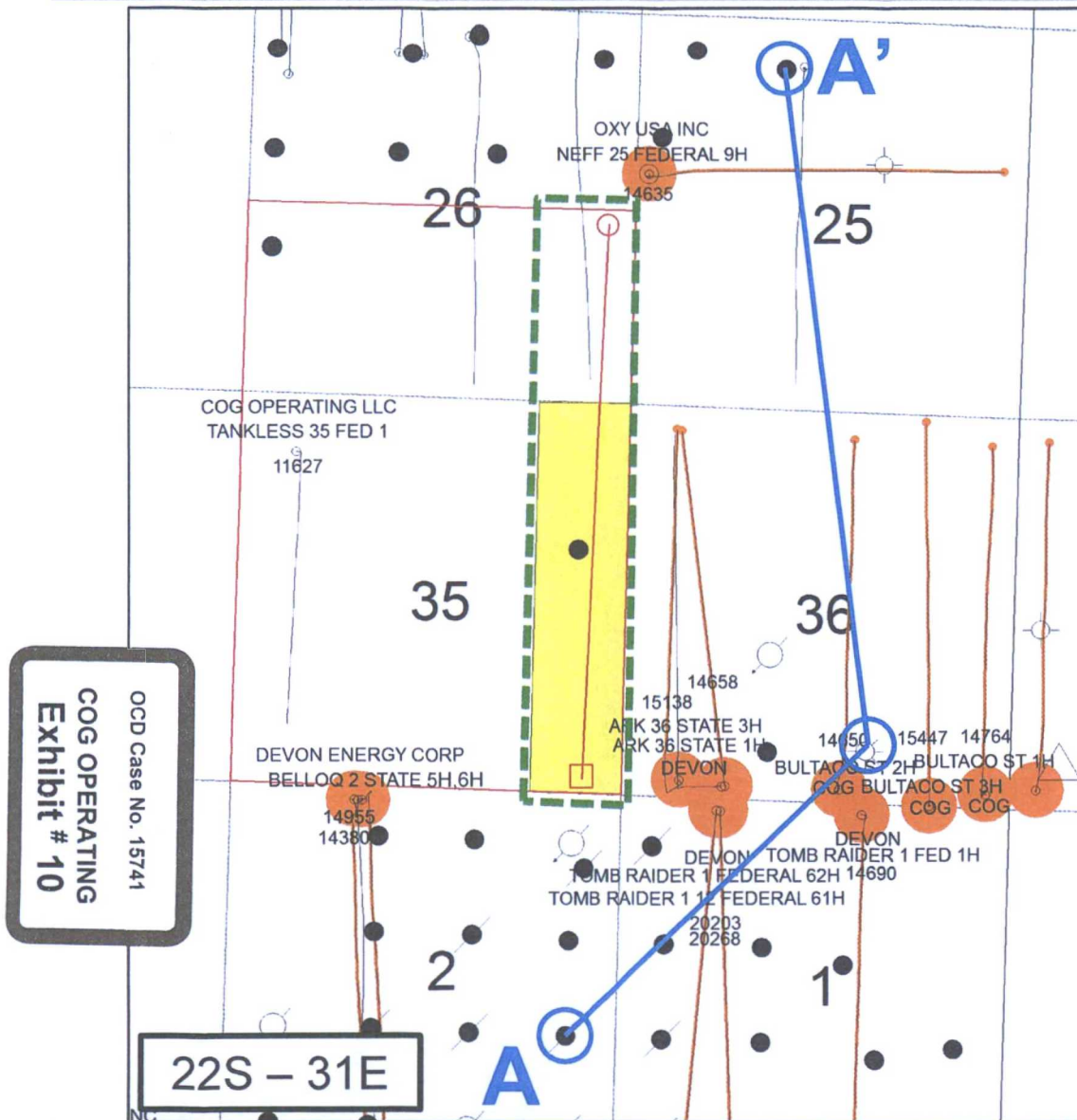


COG Acreage



Proposed non-standard spacing unit

# Livingston Ridge; Bone Spring Pool Cross Section Map



## Map Legend

SHL

COG - Horizontal Location

BHL

Producing 2<sup>nd</sup> Bone Spring Sand Wells



Cross Section Line



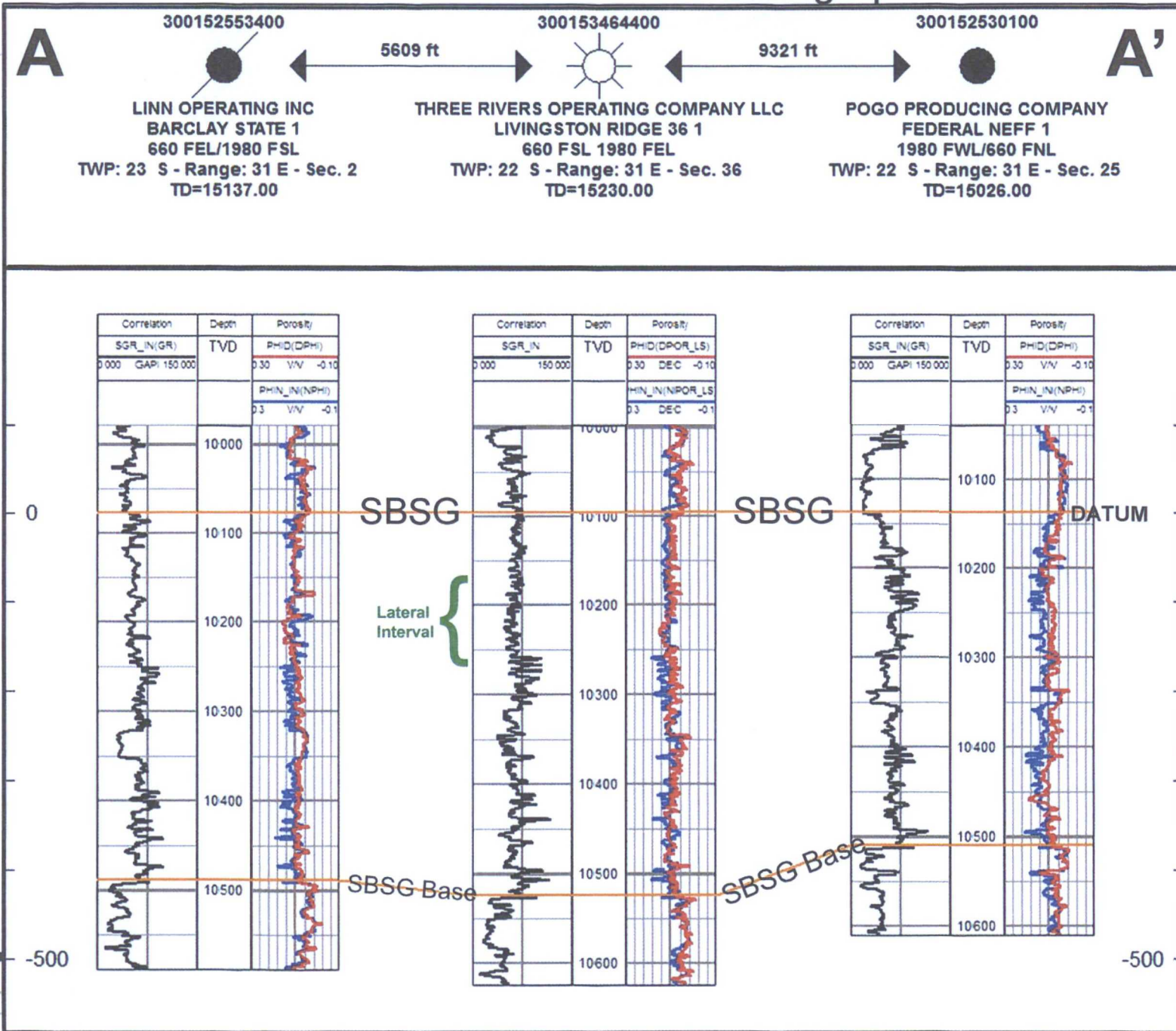
COG Acreage



Proposed non-standard spacing unit



# Stratigraphic Cross Section A – A'



OCD Case No. 15741  
 COG OPERATING  
 Exhibit # 11

