

Table of Contents

Exhibit C

DeNovo 21321
Hearing November 4, 2020
Oil Conservation Commission

EOG Resources, Inc.
Sworn Testimony of
David Carlos Sonka

	<u>Page Numbers</u>
1) Sworn Testimony	001-008
2) Exhibit C cover page	009
3) Exhibit C slide 2	010
4) Exhibit C slide 3	011
5) Exhibit C slide 4	012
6) Exhibit C slide 5	013
7) Exhibit C slide 6	014
8) Exhibit C slide 7	015
9) Exhibit C slide 8	016
10) Exhibit C slide 9	017
11) Exhibit C slide 10	018
12) Exhibit C slide 11	019
13) Exhibit C slide 12	020
14) Exhibit C slide 13	021
15) Exhibit C slide 14	022
16) Exhibit C slide 15	023
17) Exhibit C slide 16	024
18) Exhibit C slide 17	025
19) Exhibit C slide 18	026
20) Exhibit C slide 19	027
21) Exhibit C slide 20	028
22) Exhibit C slide 21	029
23) Exhibit C slide 22	030
24) Exhibit C slide 23	031
25) Exhibit C slide 24	032
26) Exhibit C slide 25	033

27)	Exhibit C slide 26	034
28)	Exhibit C slide 27	035
29)	Exhibit C slide 28	036
30)	Exhibit C slide 29	037
31)	Exhibit C slide 30	038
32)	Exhibit C slide 31	039
33)	Exhibit C slide 32	040
34)	Exhibit C slide 33	041
35)	Exhibit C slide 34	042
36)	Exhibit C slide 35	043
37)	Exhibit C slide 36	044
38)	Exhibit C slide 37	045
39)	Exhibit C slide 38	046
40)	Exhibit C slide 39	047
41)	Exhibit C slide 40	048
42)	Exhibit C slide 41	049
43)	Exhibit C slide 42	050
44)	Exhibit C slide 43	051
45)	Exhibit C slide 44	052
46)	Exhibit C slide 45	053
47)	Exhibit C slide 46	054
48)	Exhibit C slide 47	055
49)	Exhibit C slide 48	056
50)	Exhibit C slide 49	057
51)	Exhibit C slide 50	058
52)	Exhibit C slide 51	059

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

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

**Case Nos. 20923, 20924, 20925
Order R-21308
De Novo Case No. 21321**

SWORN TESTIMONY

**STATE OF TEXAS }
 }ss
COUNTY OF MIDLAND }**

My name is David Carlos Sonka. I have been recognized as an expert petroleum engineer and have testified as such before the NMOCD on two occasions. I was awarded a Bachelor of Science degree in Petroleum Engineering from Texas A&M University in May 2016. Since June 2016, I have worked as a petroleum engineer for EOG Resources, Inc. in Midland, Texas, supporting exploration and production operations in Lea County, New Mexico. In the course and scope of my employment, I advise mostly on matters surrounding unconventional hydrocarbon reservoirs and the economics of oil and gas projects. A substantial portion of my work responsibilities involve forecasting production of oil and gas wells, both existing and not yet drilled. Specifically, I generate development plans to optimally develop acreage based on production forecasts and cost expectations.

In the present case, I helped generate the development plan that was proposed to our partners in the subject lands, known as EOG's Igor and Double ABJ units. I studied the well proposals EOG received from COG Operating LLC ("Concho"), known as its Mastiff development area, and reviewed Concho's applications for the compulsory pooling of EOG's Igor and Double ABJ leasehold. I have prepared this testimony to show the potential negative impacts to the correlative rights of EOG and its interest owners, and the waste, both economic through Concho's higher well costs and lower ultimate recovery compared to EOG, and waste of natural resources due to hydrocarbons that will not be recovered, which will result if Concho's compulsory pooling applications are granted. I also prepared Exhibit C, which is referenced throughout this testimony.

As a part my study of this matter, I considered the differences between Concho's and EOG's development plans, particularly:

- **Comparison of which economically viable geologic targets are included in each development plan;**
- **Whether existing wells are impacting the development plans;**

- EOG's and Concho's expectations regarding cost of the wells; and
- EOG's and Concho's historical production performance in geologically analogous sections.

The factors on **EXHIBIT C slide 2** are expected to damage interest owners in the subject lands and reduce the recovery of the resources for all stakeholders. The testimony to follow and the referenced exhibits show that Concho's plan to lengthen the laterals of its section 4 Mastiff development by extending north into the W/2 of Section 33, T23S-R32E (EOG's Igor development area, in which Concho owns no interest), and south into the SE/4 of Section 9, T24S-R33E (EOG's Double ABJ development area, in which Concho also owns no interest), will cause significant damage to EOG and the other parties with an interest in those sections, and will waste the resources of New Mexico.

The competing development plans in Igor (W/2 of Section 33) have several differences. Concho's plan **EXHIBIT C slide 3** and EOG's plan **EXHIBIT C slide 4**, target different geologic intervals, are spaced differently, and have material differences regarding total well costs **EXHIBIT C slide 8**. Concho's plan does not include development in either the First Bone Spring (FBSG) or the Third Bone Spring (TBSG) intervals **EXHIBIT C slide 5**. Concho's plan also must contend with a depletion front caused by Concho's Mastiff Fed #3H well **EXHIBIT C slide 6 and 7**. The differences in spacing, as well as operational differences between the operators, are expected to influence the production of the wells in the development plans. These differences are detailed below.

Existing Mastiff Fed #3H

Concho has already begun 1-mile lateral development in Section 4, T24S-R32E. According to publicly available data, Concho's existing Mastiff Fed #3H well has produced the following volumes through July 2020:

- 212,703 bbl oil;
- 439,721 mcf gas; and
- 511,464 bbl water.

The Mastiff Fed #3H well targets the Second Bone Spring (SBSG) interval. The SBSG is a depletion-drive reservoir. This means that under primary production, the energy driving fluids through the formation and into the wellbore comes from the expansion of oil and gas within the reservoir. As the reservoir fluids expand and are produced, the pressure in the reservoir decreases. Subsequent wells drilled in the drainage area of an existing well will face two major impediments to production and ultimate recovery. First, a portion of the liquids in the drainage area have been produced already, meaning they are unavailable to the subsequent well. Second, in hydraulically stimulated wells, the region of reduced pressure can impede effective stimulation. The quantity of prior production from the SBSG will affect the proposed Mastiff #504H and #505H significantly. EOG's SBSG acreage in its Igor development area in the W/2 of Section 33 does not offset any

wellbores that would reduce its reservoir pressure. For these reasons, the lands that Concho would contribute to the proposed Mastiff SBSG wells and the lands EOG would be forced to contribute to the same wells if compulsory pooled are not equivalent.

Differences in Targets, Well Costs, and Production

Concho's plan for development based on proposed locations is laid out spatially on a stacked lateral **EXHIBIT C slide 3**. I have collected Concho's AFEs for these wells and used them to analyze well costs and well economic expectations on Exhibit A-10.

EOG's plan for development based on proposed locations is also laid out spatially on a stacked lateral **EXHIBIT C slide 4**. I have used AFEs EOG has provided to partners to analyze well costs and economic expectations.

The differences between EOG's and Concho's development plans include:

- 1) Concho's AFEs include charges for facility spend and artificial lift installation, EOG's do not. To make the AFEs comparable, proportional facility charges and well artificial lift installs were added to EOGs AFEs so that well costs could be contrasted, and economic expectations could be calculated.
- 2) Concho's proposals do not include any wells in the FBSG or TBSG (Exhibit C slide 5). These targets contain hydrocarbons and can be developed economically. If the wells are not drilled in a reasonable timeframe with the other targets, the pressure drawdown from other targets can impede completion of the wells such that the locations are no longer economic. This underdevelopment means some of the resources will be wasted.
- 3) Concho's development plan only has two future SBSG wells in the W/2 of Section 4. This is due to the presence of the previously discussed Mastiff Fed #3H (API # 3002542064).
 - a. Furthermore, the fact that Concho has already begun development means that the easternmost lane of W/2 of Section 4 is blocked, and a portion of EOG's Igor Section 33 will be stranded and undeveloped if the pooling order is granted **EXHIBIT C slide 8**. The undeveloped acreage will result in waste of the resources in place and will impair EOG's and other working interest owners' correlative rights.
- 4) EOG's and Concho's proposals for wells in the same target are compared on **EXHIBIT C slide 9**. Across all targets Concho plans to develop, their well costs are materially higher than EOG's. This means EOG and the other working interest owners in EOG's Igor development area will pay needlessly higher costs to develop the resources if a compulsory pooling order is granted, resulting in economic waste to

EOG and the other Igor working interest owners, which is in addition to the waste of hydrocarbons discussed above.

Expectations for Economic Performance of the Proposed Wells

Denton O'Neal's testimony identified existing wells in the geologic equivalents to the proposed wells for both EOG and Concho (Exhibit B slides 1-4). Production from existing wells is publicly reported, and the production of exiting, analogous wells can be used to generate production forecasts to evaluate economic expectations for future wells. Based on the expected production and costs, expected value and ultimate recovery of a well can be determined.

I calculated expected value and recovery for EOG's and Concho's well proposals. Value is the sum of all net cash flow produced by the well, discounted back 10% to present. Recovery is the sum of all barrels of oil equivalents that can be economically produced. Cash flow is considered before applicable federal income taxes to simplify differences in tax structure of the diverse working interest owners under the proposals. The differences between the value and ultimate recovery of EOG's planned wells and Concho's planned wells demonstrate that an impairment to the value of EOG's and other working interest owners acreage in EOG's Igor and Double ABJ development areas will result if COG's applications for compulsory pooling are granted, as will the waste of hydrocarbons.

For each geologic target, I considered the averaged production of analogous wells (scaled to either 1.5-mile lateral length for Double ABJ or 2-mile lateral length for Igor), the AFE cost published to partners, and a set of static parameters regarding lease operating expenses, timing, and commodity pricing. Length normalization is linear- one mile well production is doubled for two-mile curves and multiplied by 1.5 for 1.5-mile curves. Pricing used was the New York Mercantile Exchange forward strip for WTI oil and Henry Hub natural gas as of 10/18/2020. Concho's lease operating expenses are not known, so I applied EOG's expenses to both scenarios.

The separate analyses for EOG's Igor and Double ABJ units, in each of the denoted formations, are set forth under those respective headings below.

IGOR

Leonard Shale

Analogous wells for well proposals targeting the Leonard Shale (aka Avalon Shale) are listed on **EXHIBIT C slide 9**. An average of production rates from Concho's analogous wells based on how many days such wells have been producing is in a green dashed line on **EXHIBIT C slide 10**. The black line is a curve fit through the green data to forecast future production beyond where actual data stops. **EXHIBIT C slide 11** shows the fit of the curve to the cumulative actual data of Concho's analogous wells. **EXHIBIT C slides 12 and 13** show the same exercise for EOG's analogous wells. **EXHIBIT C slides 14-15** is a comparison of the Leonard curves for EOG and Concho. Based on actual, historical data, EOG's wells targeting the Leonard Shale in geologically

equivalent section are more productive than Concho's wells. **EXHIBIT C slide 16** shows a comparison of economic metrics associated with the curves regarding EOG's Igor section (Section 33, T23S-R32E). The total capital is the amount from published AFEs (EOG's AFE cost has been increased to account for certain items included on Concho's AFEs). Gross Sold BOE EUR is the total economic recovery of oil equivalents in thousands. Barrels of oil equivalents are barrels of oil or natural gas liquids, or 6 thousand cubic feet of natural gas at standard conditions. NPV10 is the net present value, discounted 10% per year. Net present value is the difference of all cash inflows (net revenue from selling commodities) less all cash outflows (capital, operating expenses). BFIT means before federal income taxes. ROR is the rate of return, or the discount rate at which net present value is \$0.

The first table shows significant differences between the economic expectations of Concho's wells and EOG's wells on a per-well basis. Because Concho's proposed Mastiff wells are 2 miles in length, and only 1 mile is in Igor, the per-well metrics are proportioned down to half to capture the portion attributable to Igor (Section 33, T23S-R32E). Such attributed portion is then multiplied by the number of proposed wells. If Concho's applications for compulsory pooling are granted, and Concho is granted operatorship in Igor, EOG and its other interest owners can expect to suffer an impairment of \$51,300,000 in BFIT NPV10 versus their situation today, and the Igor leases can be expected to produce approximately 2,346,000 fewer barrels of oil equivalents than if EOG operates Igor.

First Bone Spring

The exercise is repeated for proposed wells targeting the First Bone Spring formation on **EXHIBIT C slides 17–20**. In this case, Concho has not proposed wells in the target. Whether Concho ever intends to develop the FBSG is in doubt. Development of the LNRD (Avalon) shale will impact the potential of the FBSG, especially if there is substantial production prior to FBSG stimulation. Based on the expectation for EOG well production, if Concho's applications for compulsory pooling are granted, and Concho is granted operatorship in Igor, EOG and its other interest owners can expect to suffer an impairment of \$13,600,000 in BFIT NPV10 versus their situation today, and the Igor leases can be expected to produce approximately 1,656,000 fewer barrels of oil equivalents than if EOG operates Igor.

Second Bone Spring

The exercise is repeated for the Second Bone Spring formation on **EXHIBIT C slides 21–28**. Because Concho has already begun development in the formation in Section 4, a well drilled from Section 4 into Section 33 will suffer from the existing depletion. The effects of the depletion will manifest as reduced stimulation efficiency, elevated water to oil production ratio, and reduced ultimate production. The effects will be apparent on the immediate offset well and could be apparent on both of Concho's proposed SBSG wells. The "IGOR SBSG 2 CXO OD" curve in the table on **EXHIBIT C slide 30** demonstrates expected performance reductions associated with the depletion. EOG's wells drilled in Igor will not experience the effects of depletion because they

will not offset a producing well. The contribution of lands to a SBSG well such as Concho has proposed would not be equivalent in terms of value or reservoir quality. Moreover, the presence of Concho's existing one-mile development impedes effective development of the SBSG. Concho has proposed 660', evenly-spaced laterals to develop the SBSG where there are no existing wells, but the proposal contains a ~2,070' gap because of the existing Mastiff Fed #3H well. Wells spaced 2,070' apart in the SBSG are not capable of draining the reservoir efficiently and will destroy value and result in the waste of hydrocarbons. If Concho's applications for compulsory pooling are granted, and Concho is granted operatorship in Igor, EOG and its other interest owners can expect to suffer an impairment of \$26,220,000 in BFIT NPV10 versus their situation today, and the Igor leases can be expected to produce approximately 1,708,000 fewer barrels of oil equivalents than if EOG operates Igor.

Third Bone Spring

EXHIBIT C slides 29–32 show the exercise for proposed wells targeting the Third Bone Spring formation (TBSG). Concho has not proposed wells in Third Bone Spring. Whether Concho ever intends to develop the TBSG is in doubt. Development of the surrounding formations will impact the potential of the TBSG, especially if there is substantial production prior to TBSG stimulation. Based on the expectations for EOG well production, if Concho's applications for compulsory pooling are granted, and Concho is granted operatorship in Igor, EOG and its other interest owners can expect to suffer an impairment of \$15,600,000 in BFIT NPV10 versus their situation today, and the Igor leases can be expected to produce approximately 1,881,000 fewer barrels of oil equivalents than if EOG operates Igor.

Wolfcamp Shale

The exercise is repeated for proposed wells targeting the Wolfcamp Shale (WFMP) formation on **EXHIBIT C slides 33–39**. I was not able to locate many wells that Concho has drilled in the Wolfcamp Shale near the subject area. The two wells I was able to locate began producing in February 2020, which means only around 5 months of production data is publicly available. To understand the late-time behavior of wells Concho has stimulated, I expanded the search to include wells in the Wolfcamp Shale that Concho drilled further away than in the previously discussed targets. The fact that Concho has only recently begun developing the formation near the subject area widens the uncertainty of expectations. **EXHIBIT C slide 35** shows the new wells and the older wells broken out. The unbounded nature of the two Eider wells Concho has drilled means they have more pressure support than the 500' spaced Concho-proposed wells. My judgement is that the wells will decline to represent Concho's bounded wells, which were captured in the expanded search. Though the range of outcomes is wider over the WFMP wells, if Concho's applications for compulsory pooling are granted, and Concho is granted operatorship in Igor, EOG and its other interest owners can expect to suffer an impairment of \$15,600,000 in BFIT NPV10 versus their situation today, and the Igor leases can be expected to produce approximately 1,780,000 fewer barrels of oil equivalents than if EOG operates Igor.

Total IGOR

The cumulative impairment associated with Concho operating Igor is expected to total \$122,320,000 in terms of NPV10. The wasted resource associated with Concho operating Igor is expected to total 9,371,000 barrels of oil equivalents. This conclusion is broken out by formation on **EXHIBIT C slide 40**. The negative impact to the State of New Mexico through the significant reduction in severance taxes and royalties caused by the waste of hydrocarbons will be substantial.

DOUBLE ABJ

I conducted the same analysis on Double ABJ as is described above on Igor. However, Double ABJ differs from Igor in that the outcome of this hearing will result in either 1.5-mile EOG-operated wells or 2 mile Concho-operated wells over the southeast quarter of section 9, T24S-R33E, with interest owners sharing 1/3 or 1/4 of the lateral, respectively. Also, the lease royalty is 1/6, versus the 1/8 in Igor. The curves used for calculations are the same as for Igor given the geologic similarity of formations that proposed wells will target. The 1.5-mile EOG wells are scaled to 75% of the 2 mile well curves and have the 1.5-mile AFE costs EOG has sent to partners applied (with an adjustment for artificial lift and proportional facility costs added). **EXHIBIT C slides 41-43** illustrate the differences in proposed development plans and well costs. Concho's ongoing, 1-mile development in Mastiff is expected to affect the nearest, proposed SBSG well in Double ABJ.

The calculations of impairments and waste by formation are shown on **EXHIBIT C slides 44 - 49**. Over the Leonard Shale, Concho's proposal will impair the lease by ~\$32,700,000 and produce approximately 2,035,000 fewer barrel of oil equivalents compared with EOG's development plan. In the FBSG, Concho has no proposed plan to develop. Not developing the FBSG wells is expected to result in ~\$5,480,000 in lost value to interest owners and approximately 825,000 fewer barrels of oil equivalents produced versus developing as EOG has proposed. In the SBSG, Concho's ongoing 1-mile development affects their Section 4 (Mastiff) acreage. Concho's proposal to combine depleted acreage and virgin acreage, as well as their elevated well costs and historically lower production, would destroy ~\$23,850,000 in value to interest owners and approximately 1,649,000 barrels of oil equivalents worth of resource potential compared with EOG's proposed development. Concho has not proposed any development in the TBSG. Not developing the TBSG is expected to result in ~\$7,900,000 in lost value to interest owners and approximately 942,000 fewer barrels of oil equivalents produced versus development according to EOG's proposed plan. Both the FBSG and TBSG could be impacted by development in other zones. Finally, should Concho gain operatorship in Double ABJ, its proposed WFMP wells are expected to result in ~\$8,210,000 in lost value to interest owners and approximately 365,000 fewer barrels of oil equivalents produced compared to EOG's proposed WFMP wells.

In total, Concho operating Double ABJ is expected to impair the lease by \$78,140,000 in terms of NPV10. The wasted resource associated with Concho operating Double ABJ is expected to total 5,798,000 barrels of oil equivalents. This conclusion shown on **EXHIBIT C slide 50**.

Conclusion

Public data and the referenced exhibits, which include Concho's own AFEs, indicate that Concho wells are more expensive and less productive than EOG wells. In addition, Concho's decision to develop Section 4 at one mile through its Mastiff Fed #3H well has permanently defined a region of reduced pressure in the subject area. EOG's plan to develop acreage it owns or controls through voluntarily agreements maximizes the value of the acreage and the volume of hydrocarbons produced from the subject areas. Concho's plan to skip targets and well locations, drill with high costs, and produce fewer barrels of oil will impair the value of leases, and wastefully leave recoverable hydrocarbons in the ground. The parties with an ownership in those lands which Concho is seeking to expand its development area into will suffer a combined \$200,460,000 impairment in NPV10 if this order is granted. Moreover, if the order is granted, approximately 15,170,000 barrels of oil equivalents of New Mexico's resources will be wasted, resulting in an equivalent reduction in associated revenue to the state and federal governments.



DAVID CARLOS SONKA

SUBSCRIBED AND SWORN to before me this 28th day of October, 2020 by David Carlos Sonka on behalf of EOG Resources, Inc.



Notary Public

My Commission Expires:
10-17-2023





Igor / Double ABJ Pooling

Exhibits on Impact to Correlative Rights and Potential for Waste

DRAFTED AT DIRECTION OF COUNSEL

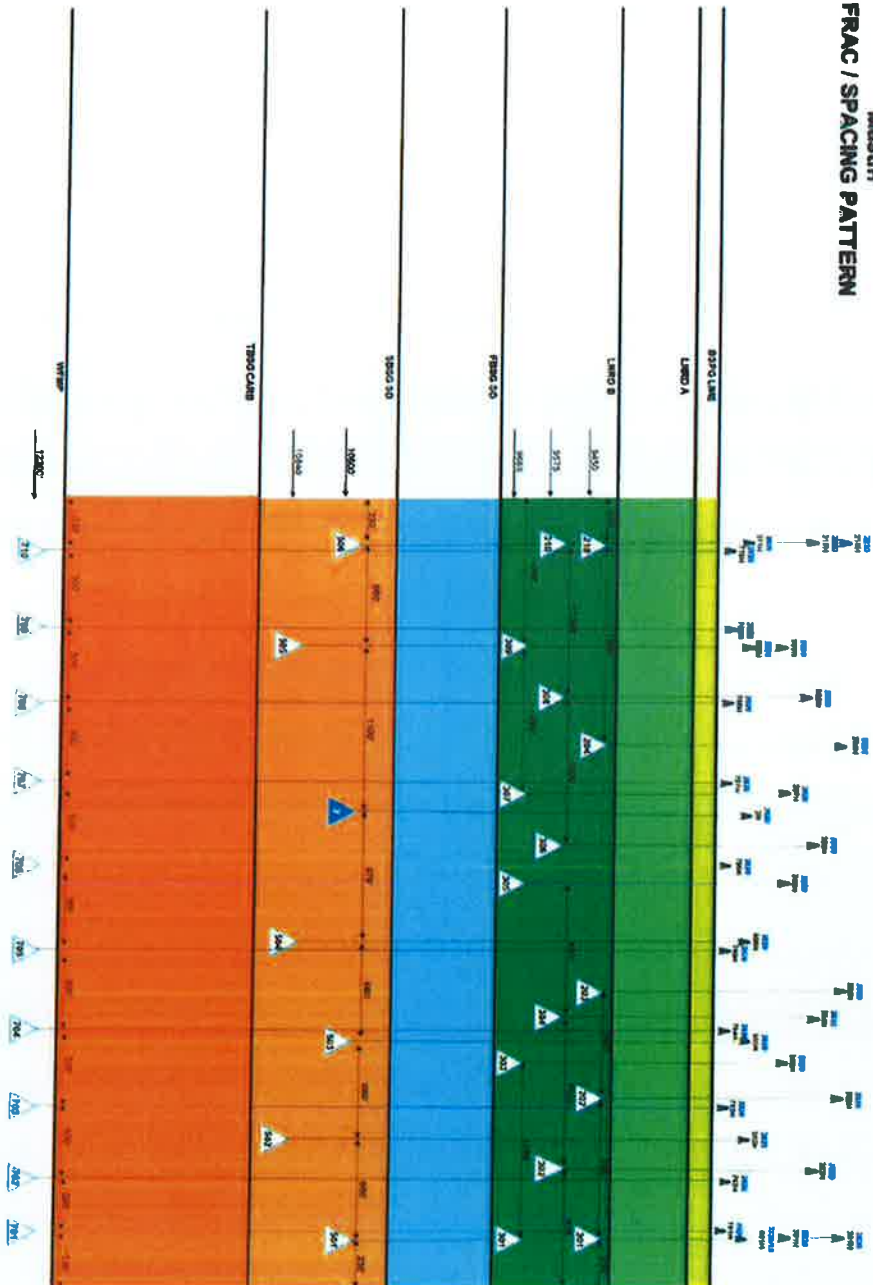
Factors That Could Impair Correlative Rights Or Cause Waste

- **Omitting economically viable geologic targets from development plan**
- **Skipping well locations due to existing wells in the project area**
- **Higher than necessary development capital requirements**
- **Inefficient drainage of the reservoir**
 - Improper spacing of wells
 - Inability to complete optimally due to presence of depletion
 - Suboptimal operations



Concho Proposed Development

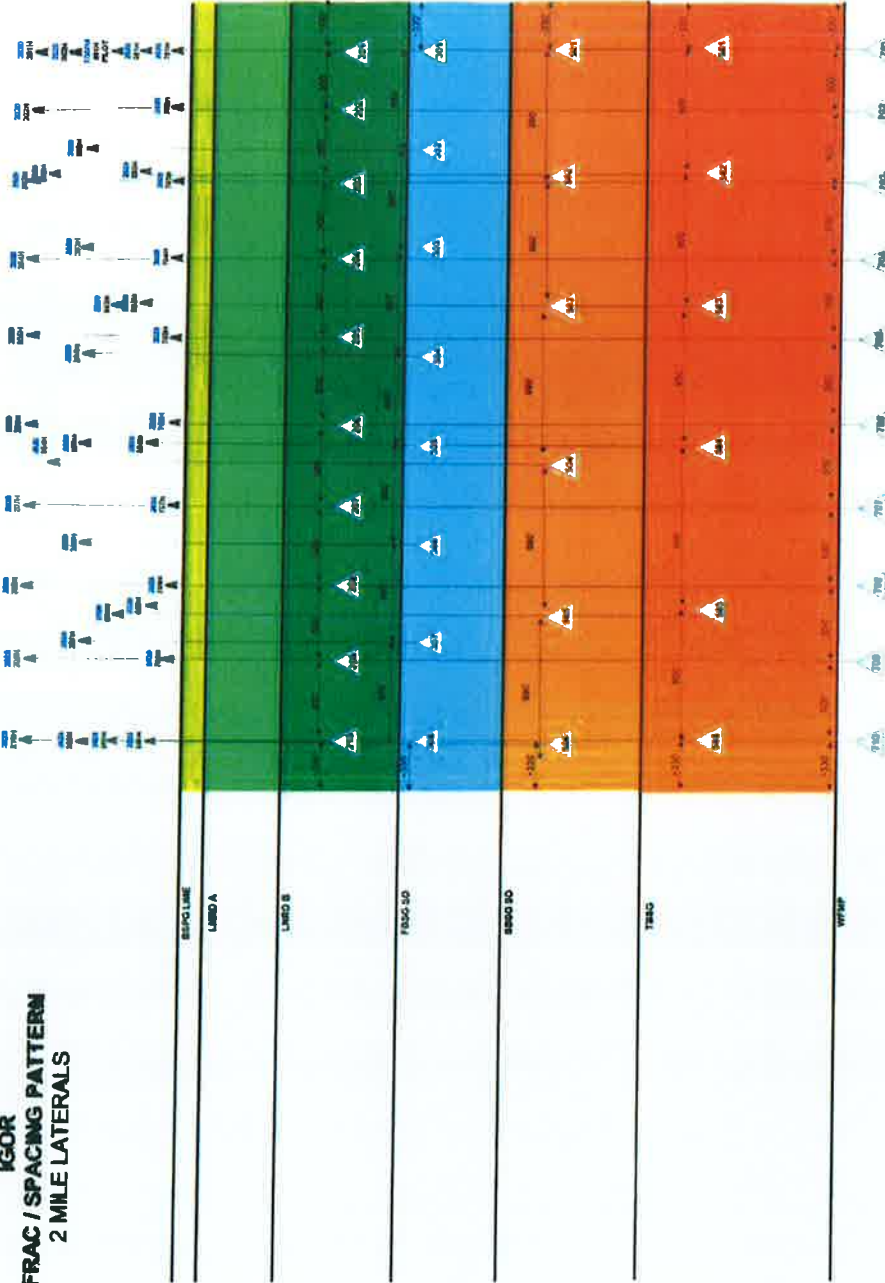
Mastiff
FRAC / SPACING PATTERN



Igor / Double ABJ Hearing

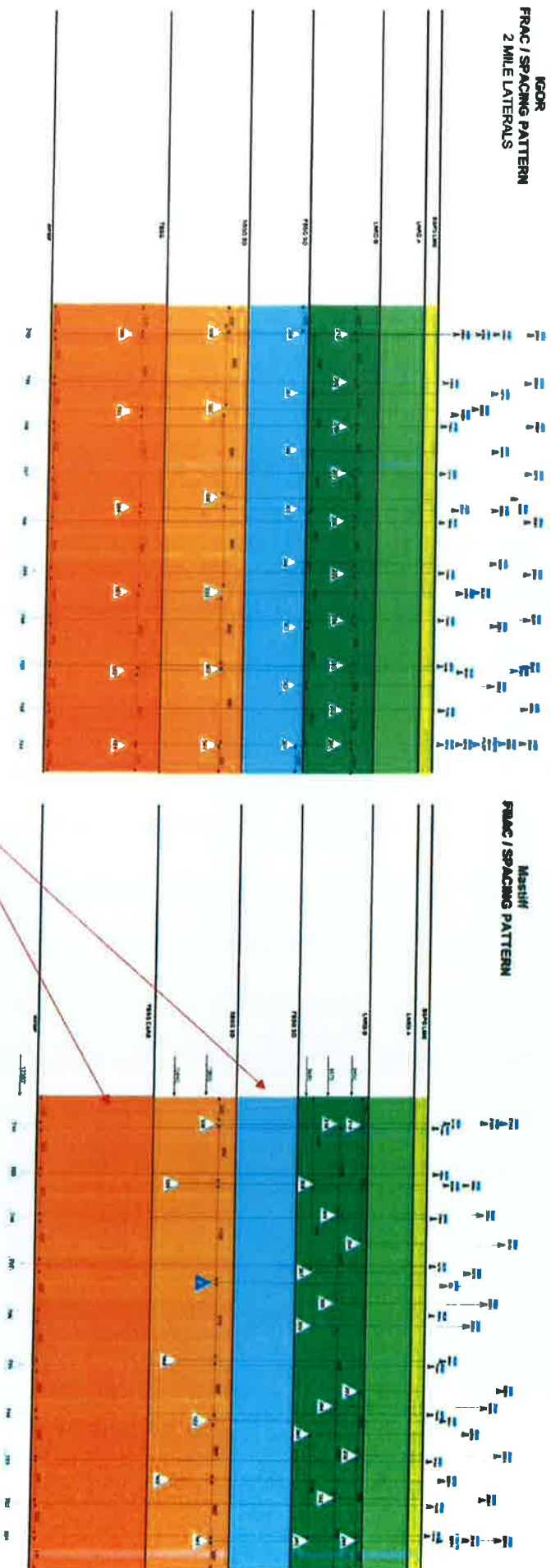
EOG Proposed Development

IGOR
FRAC / SPACING PATTERN
2 MILE LATERALS



EOG proposals

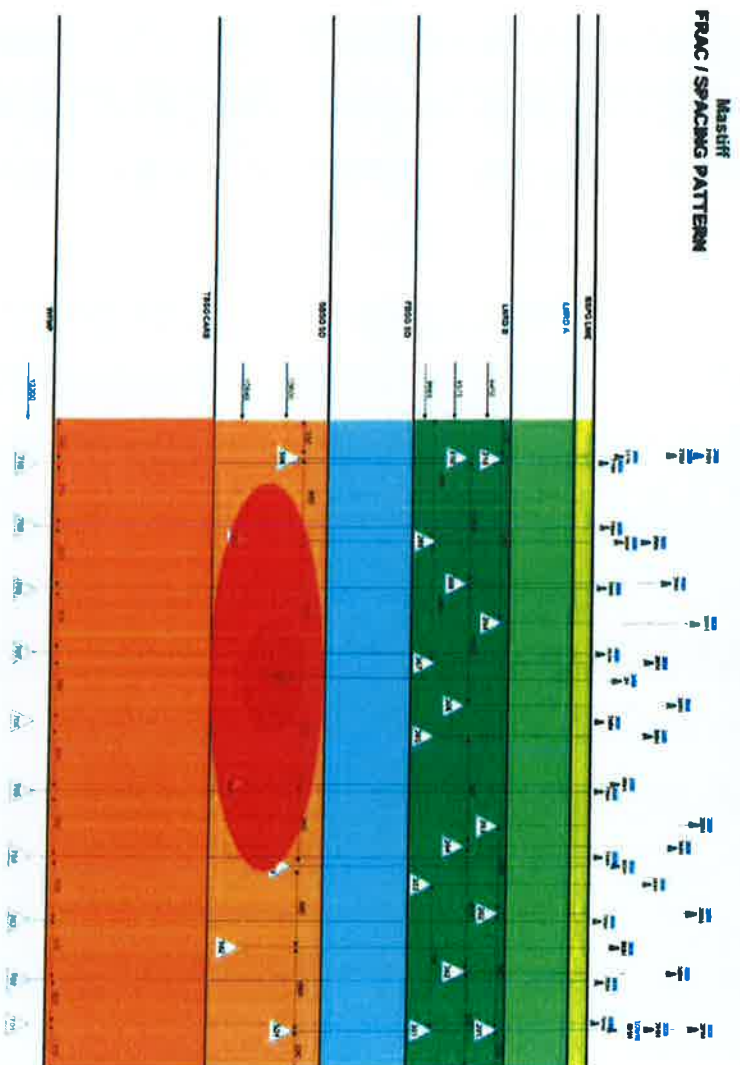
Concho proposals



Targets undeveloped

Concho has already begun 1 mile development in the SBSG, and has drawn down pressure substantially in 24S 32E Section 4

Mastiff Fed #3H
API #3002542064
Cumulative Production thru 07/20
212,703 bbl oil
439,721 mcf gas
511,464 bbl water



Source of production data:

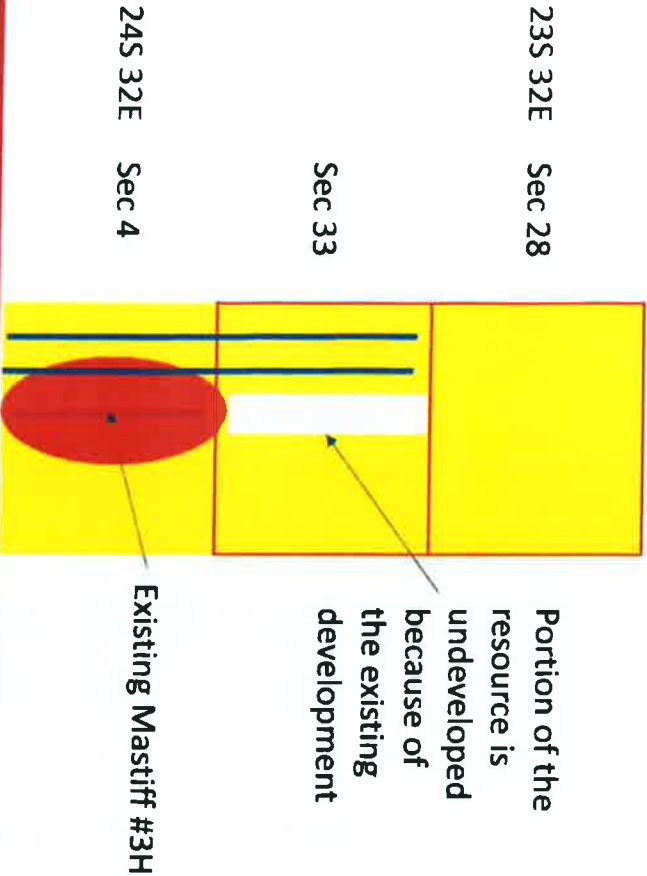
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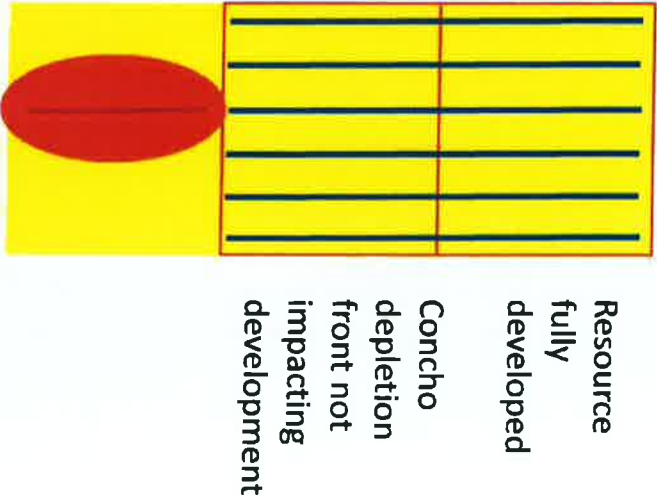
Igor / Double AB Hearing

IGOR SBSG Comparison

Concho Development Plan



EOG Development Plan



For proposed SBSG wells into Igor, EOG would contribute reservoir at virgin pressure, whereas Concho would contribute reservoir they have already depleted

Concho’s expensive well costs impair the value of the leases

IGOR - W / 2 Sec 33 23 S 32 E

Proposed Well Cost By Formation	EOG, \$MM	CXO, \$MM
2 mile laterals		
LNRD	7.6	10.4
FBSG	7.7	No plan to develop
SBSG	7.8	11.8
TBSG	8.1	No plan to develop
WFMP	8.3	13.9

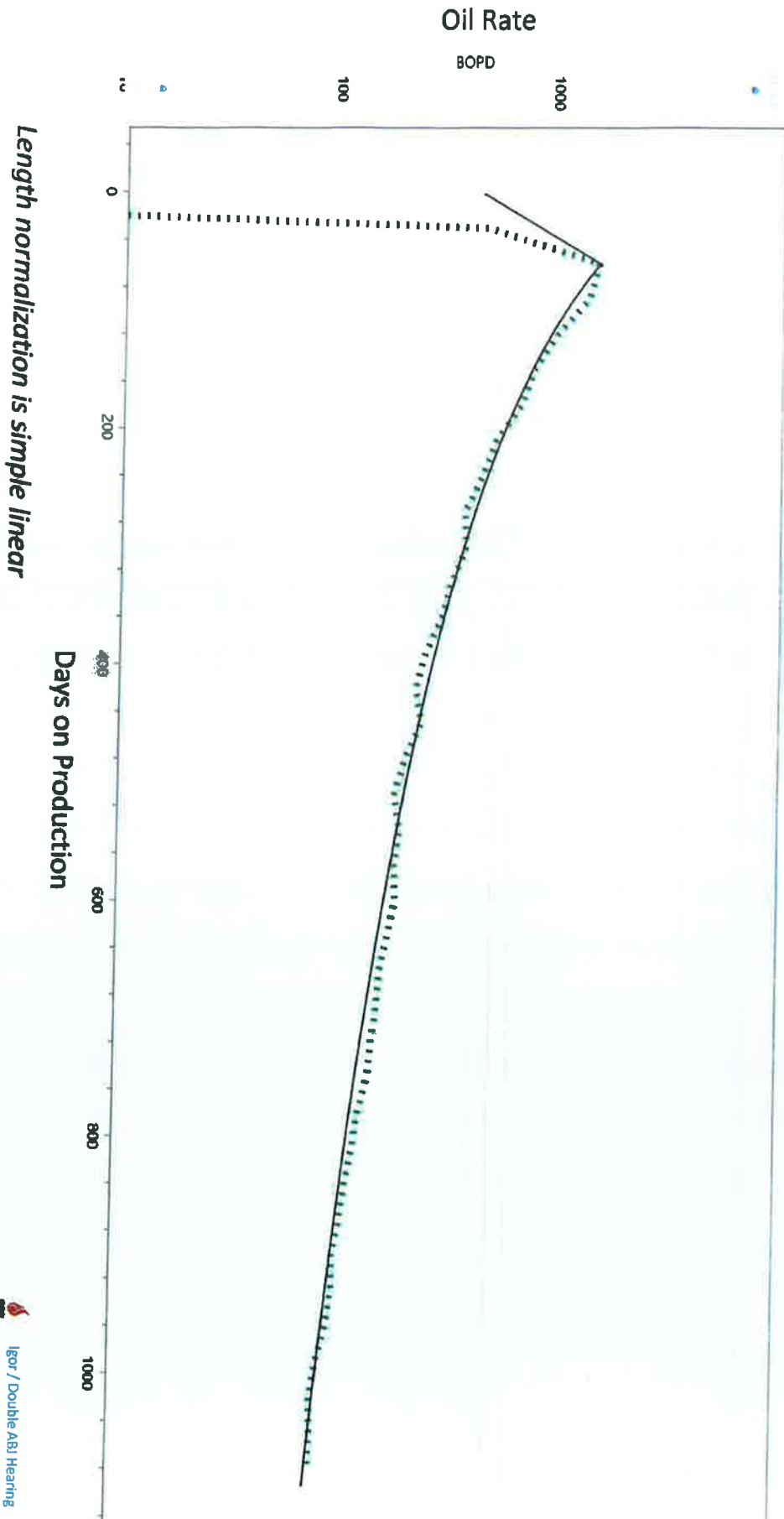
EOG costs adjusted from AFE exhibits to reflect artificial lift and facilities costs (which are on CXO AFEs)

LNRD Analog Wells

Concho		EOG	
UWI (APINum)	Well Name	UWI (APINum)	Well Name
3002543170000	AZORES FEDERAL		
3002543171000	AZORES FEDERAL		
3002543178000	AZORES FEDERAL	30025437570000	ARES 4 STATE
3002543212000	AZORES FEDERAL	30025452240000	ARES 4 STATE
3002543758000	AZORES FEDERAL	30025437550000	ARES 4 STATE
3002543845000	AZORES FEDERAL	30025467530000	HEMLOCK 32 STATE
3002543022000	AZORES FEDERAL	30025467520000	HEMLOCK 32 STATE
30025417740000	CABO BLANCO STATE	30025467540000	HEMLOCK 32 STATE
30025422740000	EATA FAJITA STATE	30025467550000	HEMLOCK 32 STATE
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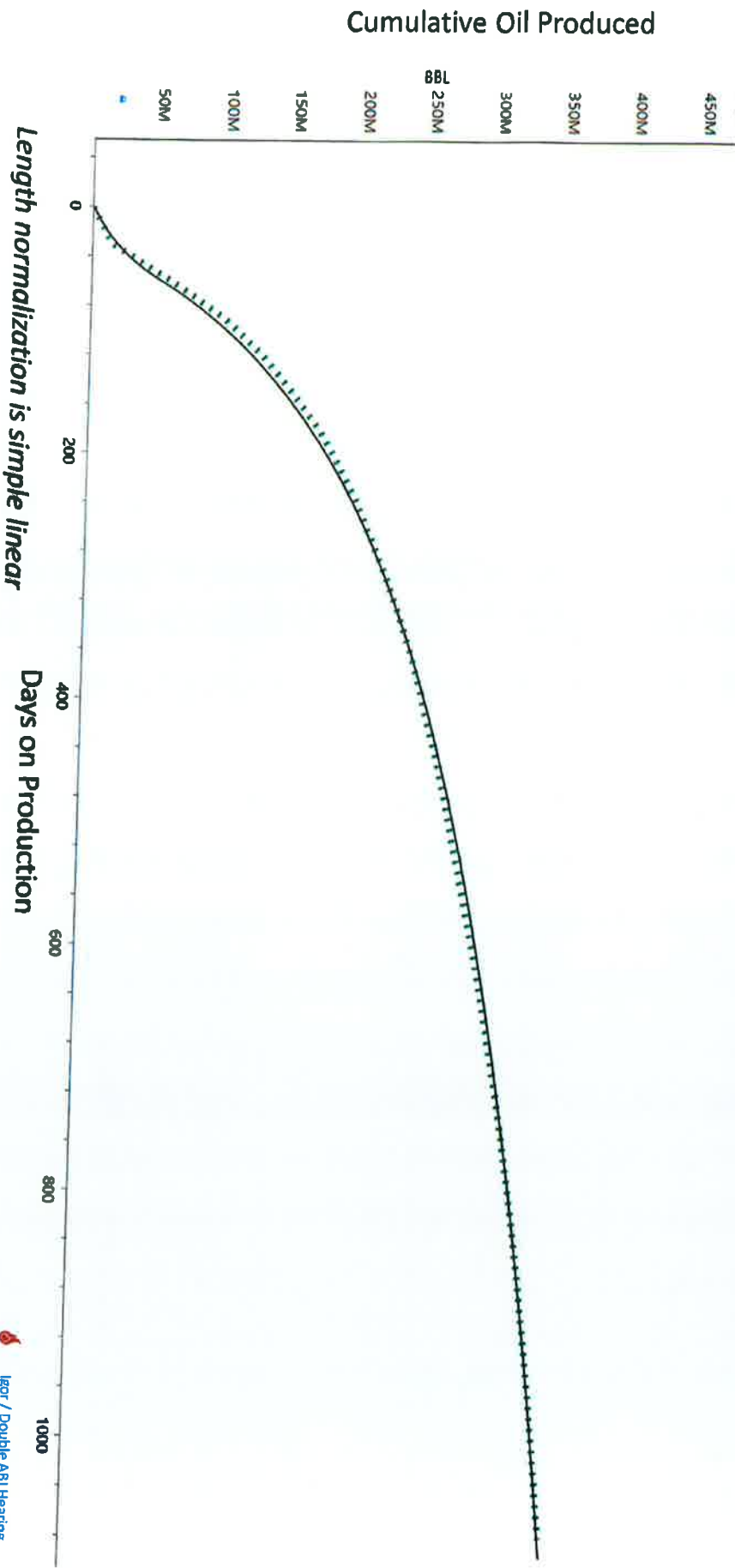


Averaged production of Concho LNRD analogs (normalized to 2 mile lateral) in dashed green, curve used for calculations in black



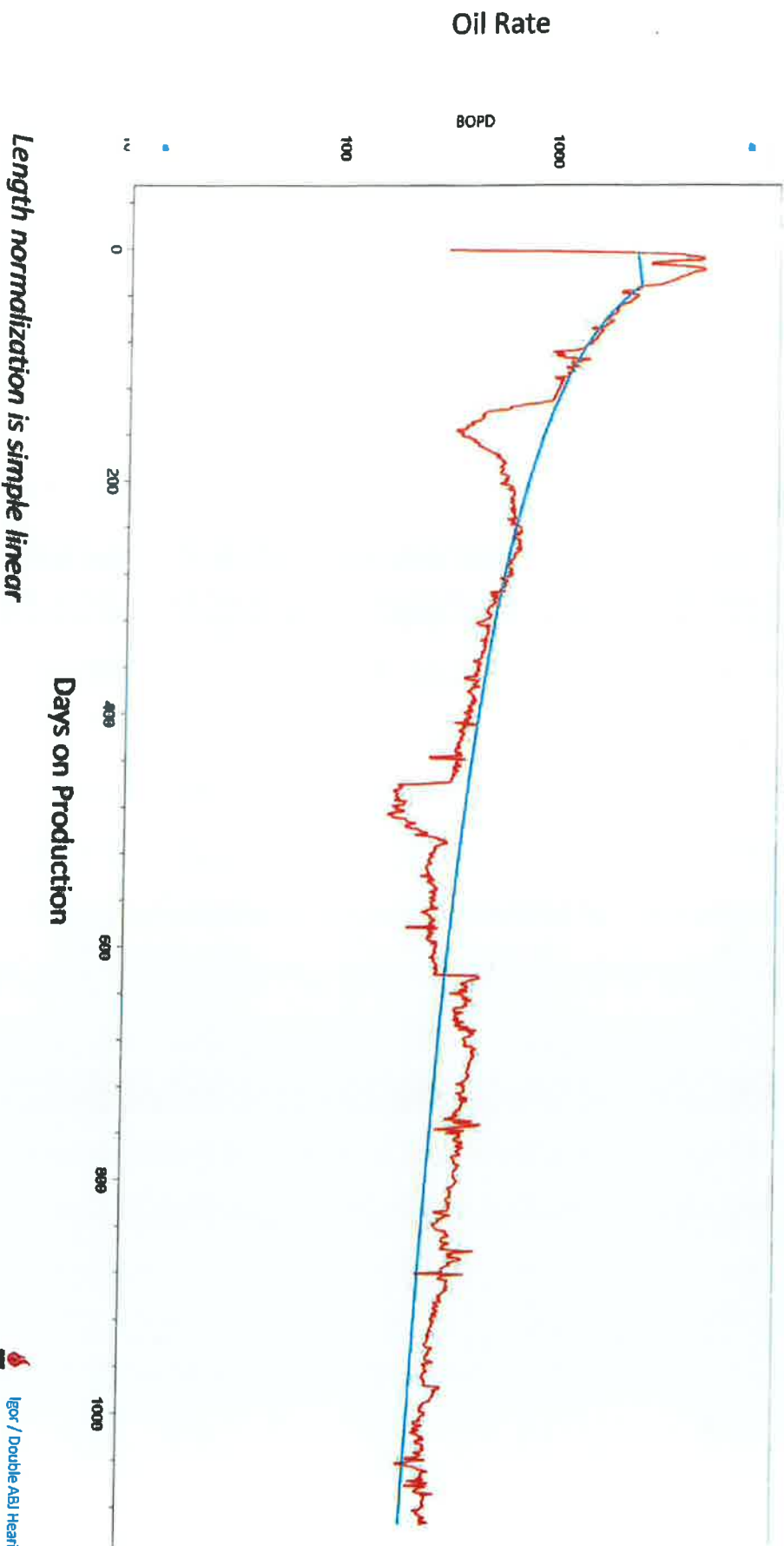
Averaged cumulative production of Concho LNRD analogs
(normalized to 2 mile lateral) in dashed green, curve used for
calculations in black

Change to
750M





Averaged production of EOG LNRD analogs (normalized to 2 mile lateral) in **red**, curve used for calculations in **blue**

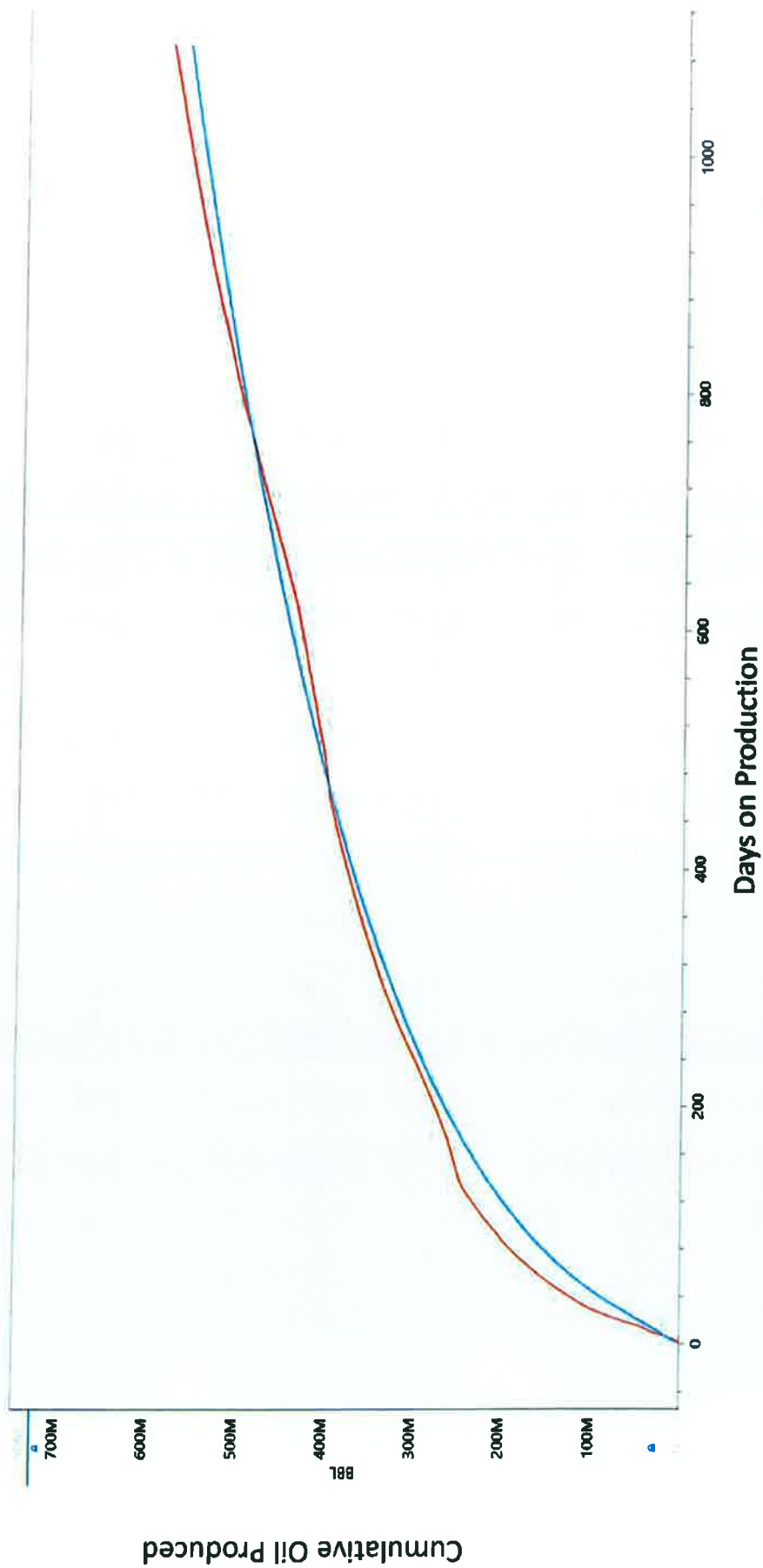


Length normalization is simple linear



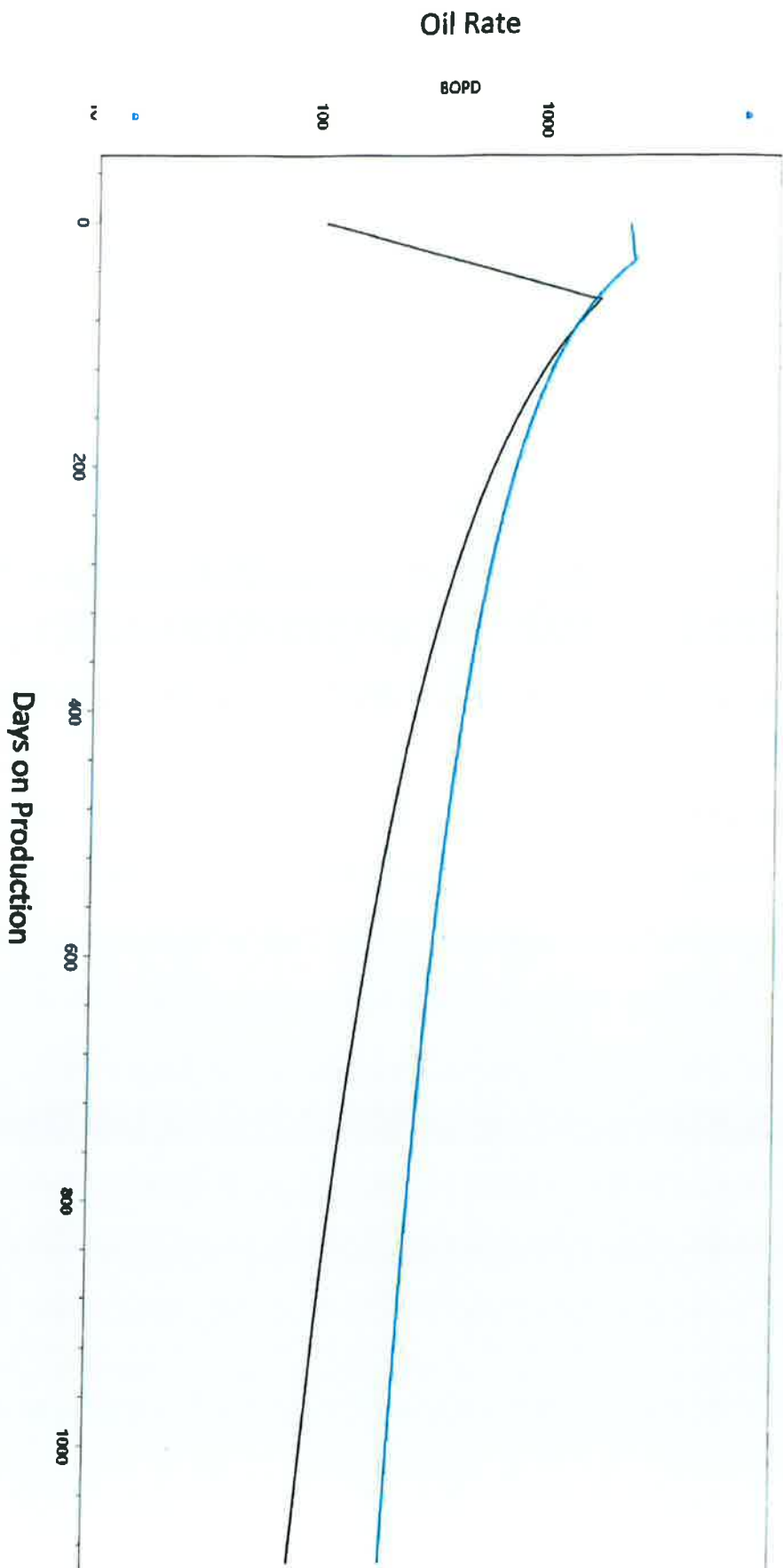
Igor / Double ABI Hearing

Averaged cumulative production of EOG LNRD analogs (normalized to 2 mile lateral) in red, curve used for calculations in blue

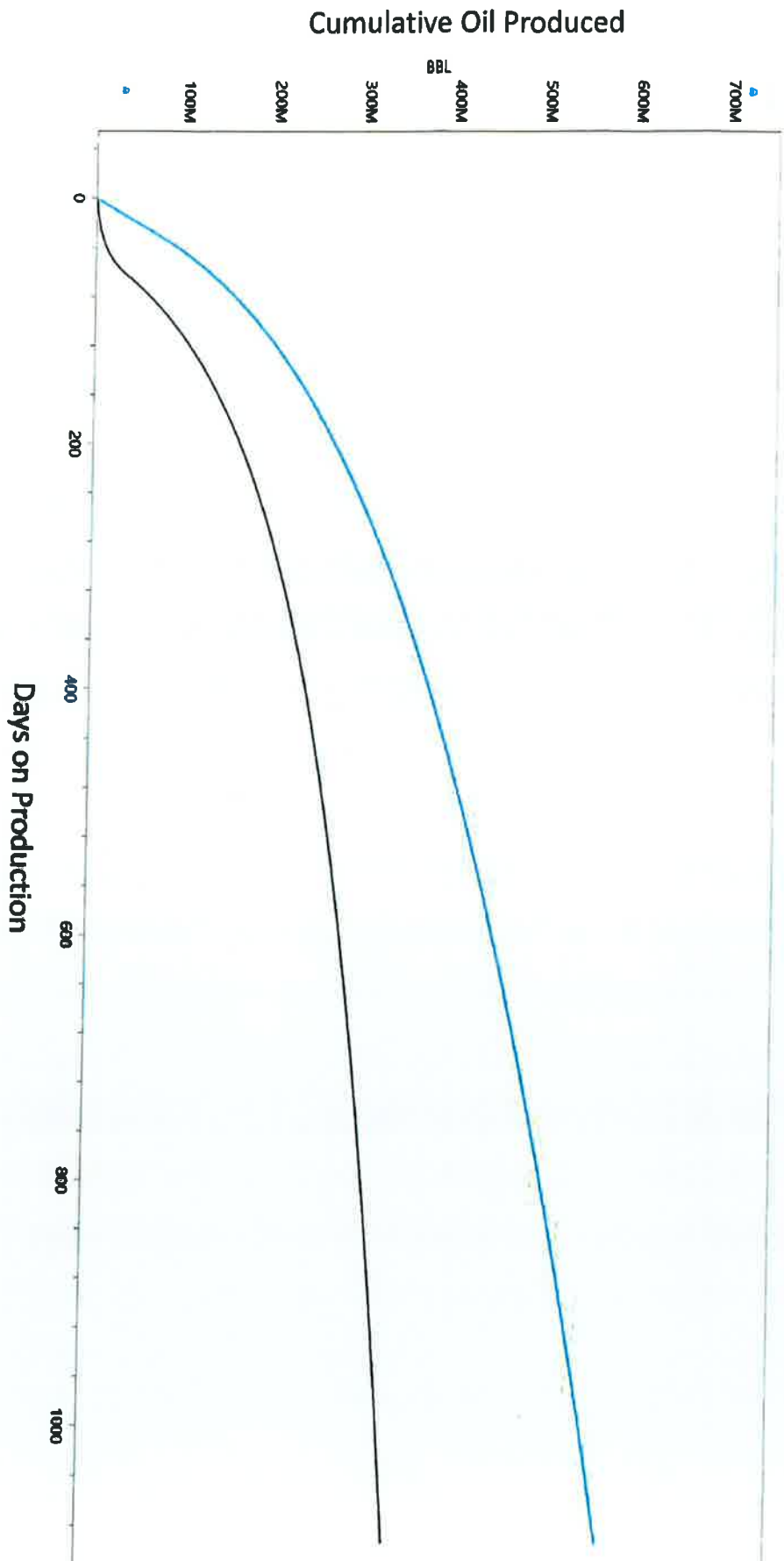


Length normalization is simple linear

Comparison of curves used for calculations between EOG - blue and Concho - black



Comparison of curves used for calculations between EOG - blue and Concho - black



Gross EOG LNRD (Avalon) Wells (5) vs Concho LNRD (Avalon) Wells (8) Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
IGOR LNRD 2MI EOG	\$7.6	2,500	\$24.9	448	\$3.03
IGOR LNRD 2MI CXO	\$10.4	976	\$2.7	28	\$11.34

LNRD (Avalon) Per-well Economics Attributable to W / 2 Sec 33 23 S 32 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
IGOR LNRD 2MI EOG	\$3.8	1,250	\$12.5	448	\$3.03
IGOR LNRD 2MI CXO	\$5.20	488	\$1.4	28	\$11.34

W / 2 Sec 33 23 S 32 E LNRD (Avalon) Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
IGOR LNRD 2MI EOG	\$19.0	6,250	\$62.5	488	\$3.03
IGOR LNRD 2MI CXO	\$41.6	3,904	\$11.2	28	\$11.34

Over the LNRD (Avalon) wells, Concho drilling the W / 2 Sec 33 23 S 32 E Igor wells compared to EOG drilling those wells is expected to result in ~\$51,300,000 in lost value to interest owners and approximately 2,346,000 fewer barrel of oil equivalents produced

FBSG Analog Wells

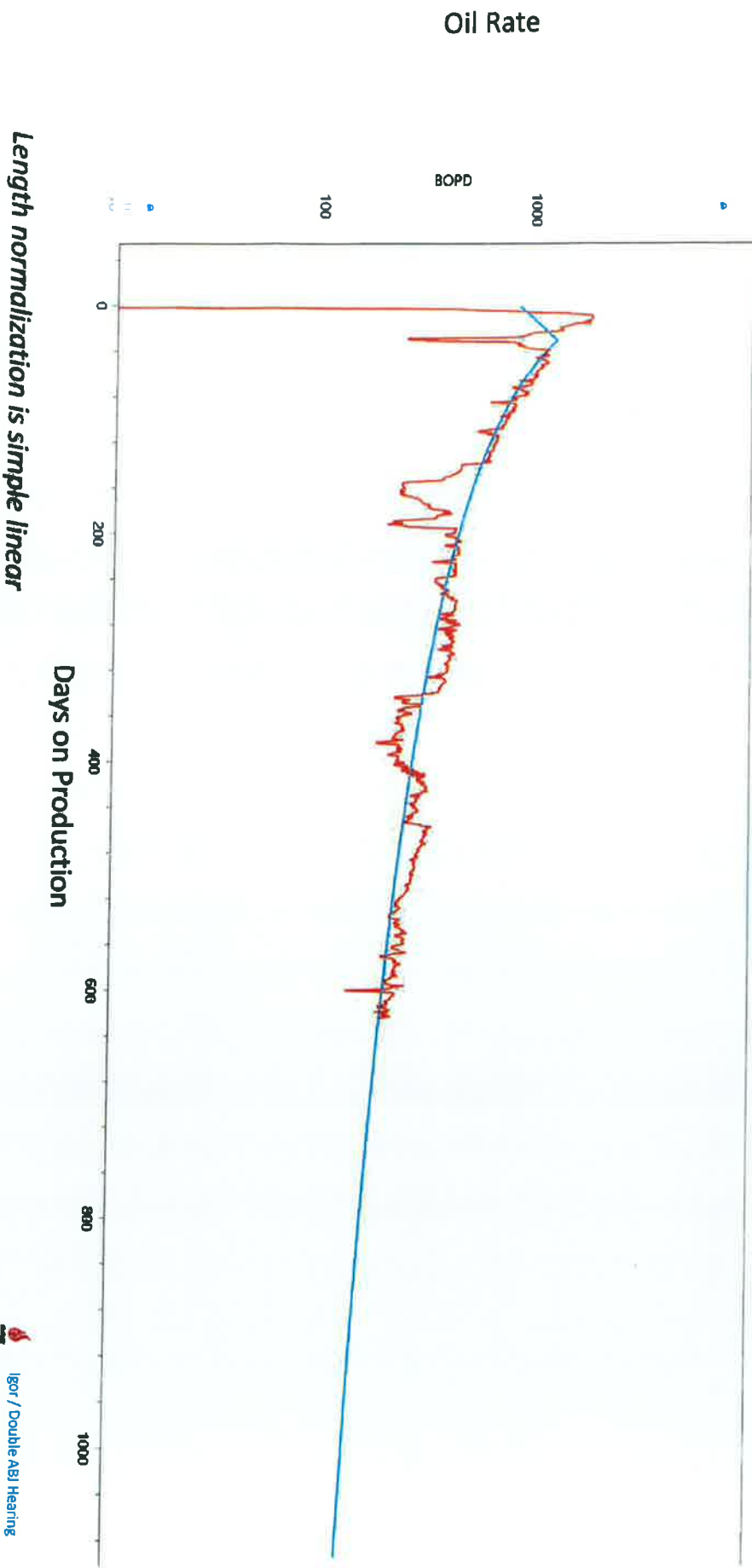
UWI (APINum)	Well Name	Concho	Well Number
Concho has not proposed a plan to develop FBSG			

UWI (APINum)
30025438170000
30025452260000
30025456360000
30025456370000

EOG	Well Name
	ARES 4 STATE
	ARES 4 STATE
	NEPTUNE 10 STATE COM
	NEPTUNE 10 STATE COM

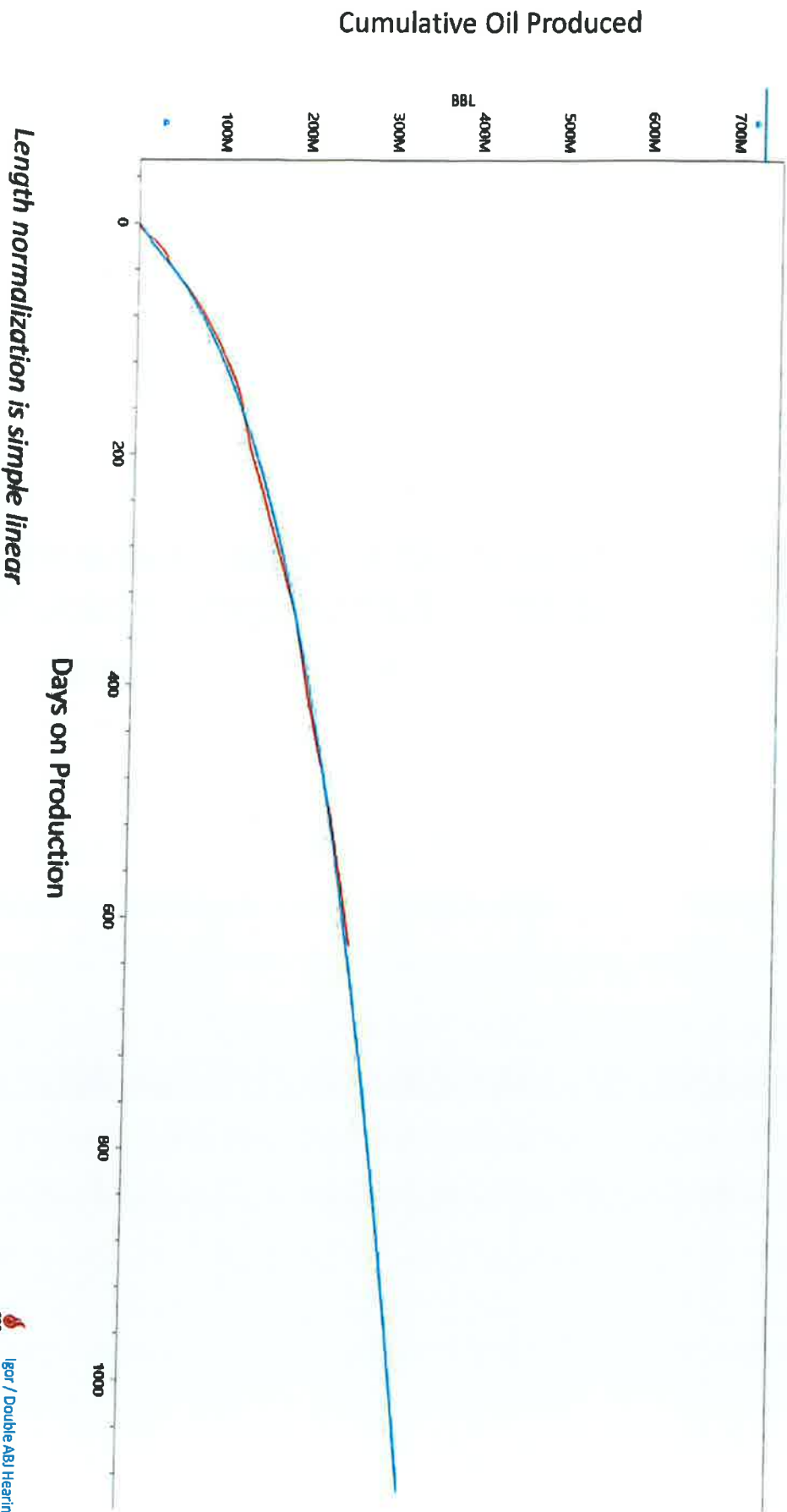
Well Number
#301H
#302H
#301H
#302H

Averaged production of EOG FBSG analogs (normalized to 2 mile lateral) in **red**, curve used for calculations in **blue**



Length normalization is simple linear

Averaged production of EOG FBSG analogs (normalized to 2 mile lateral) in **red**, curve used for calculations in **blue**



Gross EOG FBSG Wells (4) vs Concho Undeveloped Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
IGOR FBSG 2MI EOG	\$7.7	827	\$6.8	61	\$9.69
IGOR FBSG 2MI CXO			N/A		

FBSG Per-well Economics Attributable to W / 2 Sec 33 23 S 32 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
IGOR FBSG 2MI EOG	\$3.9	414	\$3.4	61	\$9.69
IGOR FBSG 2MI CXO			N/A		

W / 2 Sec 33 23 S 32 E FBSG Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
IGOR FBSG 2MI EOG	\$15.4	1,656	\$13.6	61	\$9.69
IGOR FBSG 2MI CXO			N/A		

Over the FBSG, Concho lack of development compared to EOG's 4 W / 2 Sec 33 23 S 32 E Igor wells is expected to result in ~\$13,600,000 in lost value to interest owners and approximately 1,656,000 fewer barrel of oil equivalents produced



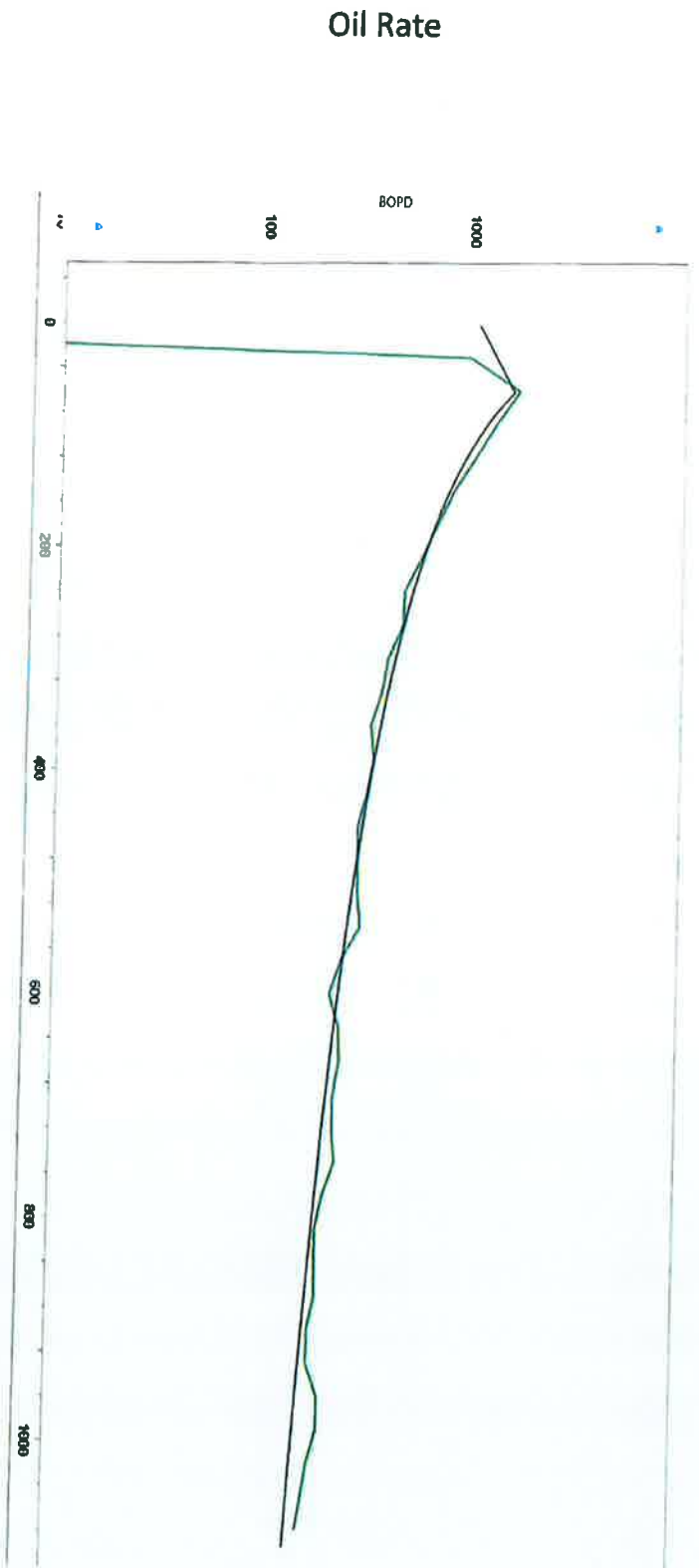
SBSG Analog Wells

Condo		
UWI (APINum)	Well Name	Well Number
30025415340000	AZORES FEDERAL	002H
30025415350000	AZORES FEDERAL	4H
30025407020000	CABO BLANCO STATE	1H
30025407030000	CABO BLANCO STATE	2H
30025420000000	CABO BLANCO STATE	3H
30025405700000	EATA FAJITA STATE	2H
30025405820000	EATA FAJITA STATE	1H
30025405710100	EATA FAJITA STATE	3H
30025419970000	EATA FAJITA STATE	5H
30025398830000	MACHO MACHO STATE	2H
30025408530000	MACHO MACHO STATE	3H
30025398820100	MACHO MACHO STATE	1H
30025411260100	MACHO MACHO STATE	4H
30025406880000	QUESO STATE	1H
30025420060000	QUESO STATE	3H
30015415630100	SEABISCUTT FEDERAL COM	4H
30025417760000	TREASURE ISLAND FEDERAL	1H
30025417770100	TREASURE ISLAND FEDERAL	2H
30025414080100	WINDWARD FEDERAL	2H
30025414120000	WINDWARD FEDERAL	4H
30025414130000	WINDWARD FEDERAL	3H
30025414140000	WINDWARD FEDERAL	1H
30025420640100	MASTIFF FEDERAL	3H
30025418130000	EIDER FEDERAL	2H
EOG		
UWI (APINum)	Well Name	Well Number
30025440530000	MAMBA 30 STATE COM	#501H
30025449550000	MAMBA 30 STATE COM	#502H
30025449560000	MAMBA 30 STATE COM	#503H
30025452400000	MAMBA 30 STATE COM	#505H
30025452410000	MAMBA 30 STATE COM	#506H
30025423220000	NEPTUNE 10 STATE COM	#501H
30025423230000	NEPTUNE 10 STATE COM	#502H
30025434540000	NEPTUNE 10 STATE COM	#503H
30025434550000	NEPTUNE 10 STATE COM	#504H
30025434560100	NEPTUNE 10 STATE COM	#505H
30025449740000	SAVAGE 2 STATE COM	#501H
30025456710000	SAVAGE 2 STATE COM	#502H
30025456720000	SAVAGE 2 STATE COM	#503H
30025456730000	SAVAGE 2 STATE COM	#504H
30025458140000	SAVAGE 2 STATE COM	#505Y
30025456930000	SAVAGE 2 STATE COM	#506H
30025456940000	SAVAGE 2 STATE COM	#507H
30025456950000	SAVAGE 2 STATE COM	#508H



1

Averaged production of Concho SBSG analogs (normalized to 2 mile lateral) in green, curve used for calculations in black



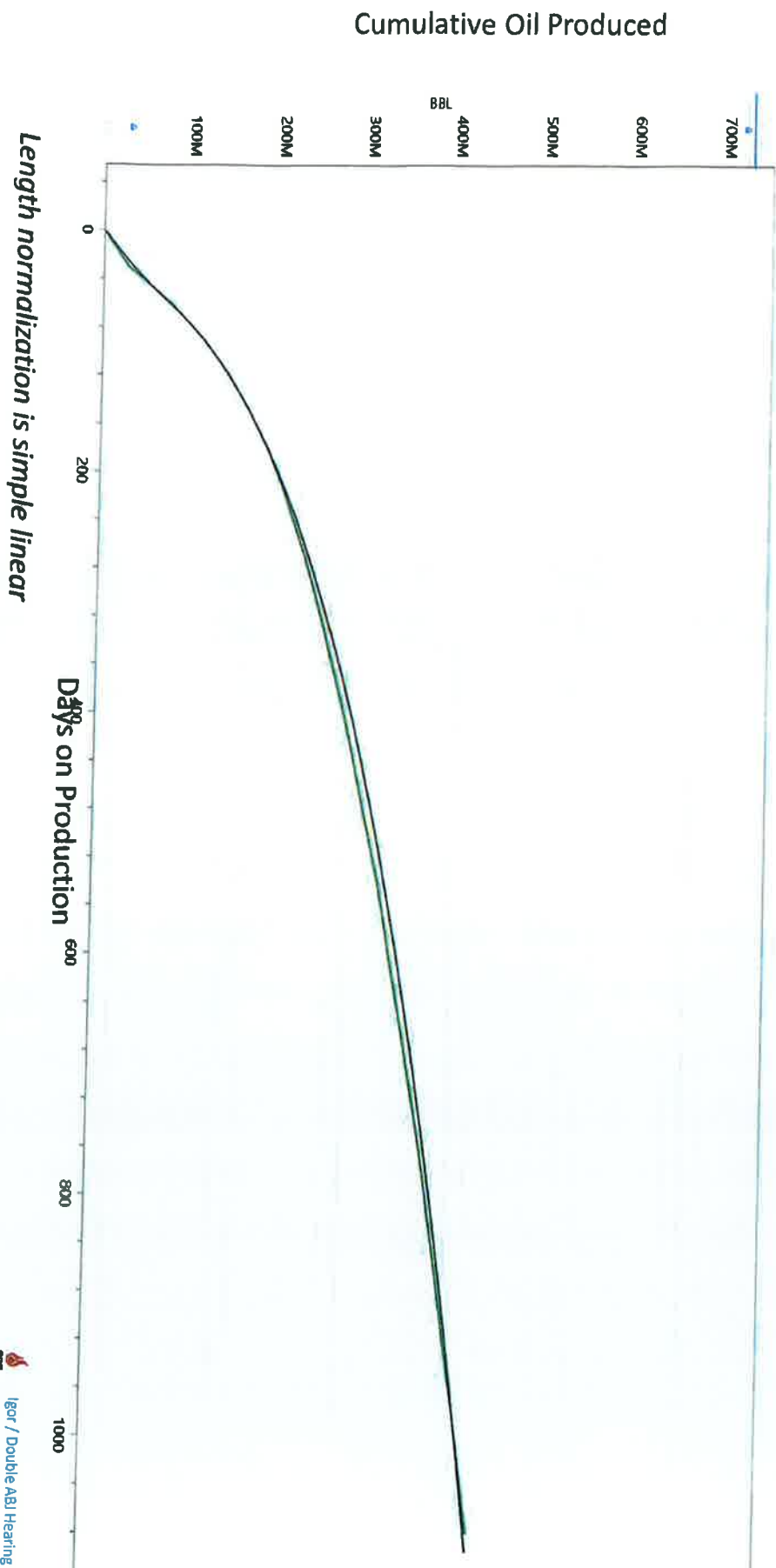
Length normalization is simple linear

Days on Production



Igor / Double ABJ Hearing

Averaged production of Concho SBSG analogs (normalized to 2 mile lateral) in green, curve used for calculations in black

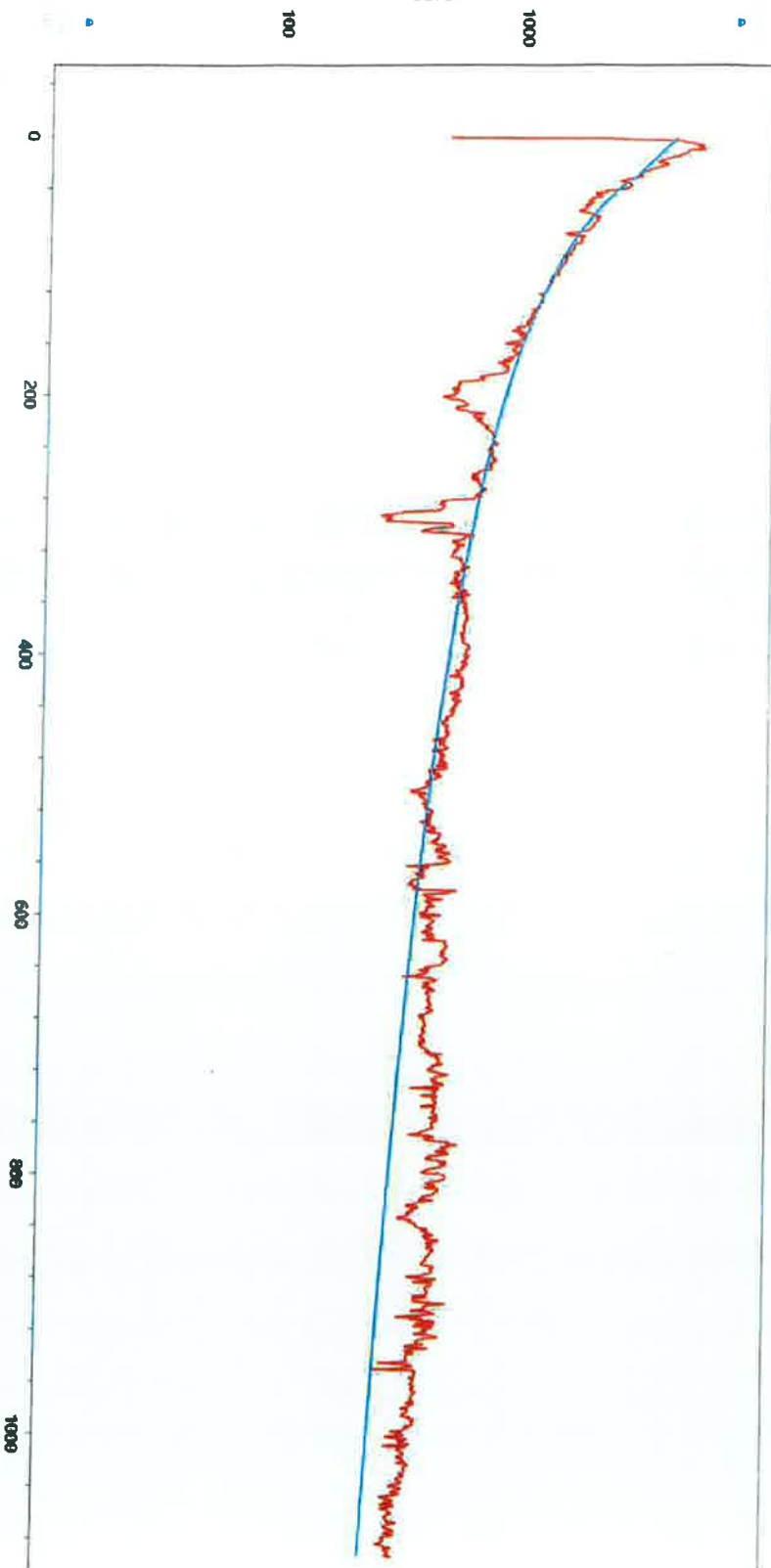


Iger / Double A-BI Hearing

Oil Rate

BOPD

Averaged production of EOG SBSG analogs (normalized to 2 mile lateral) in **red**, curve used for calculations in **blue**



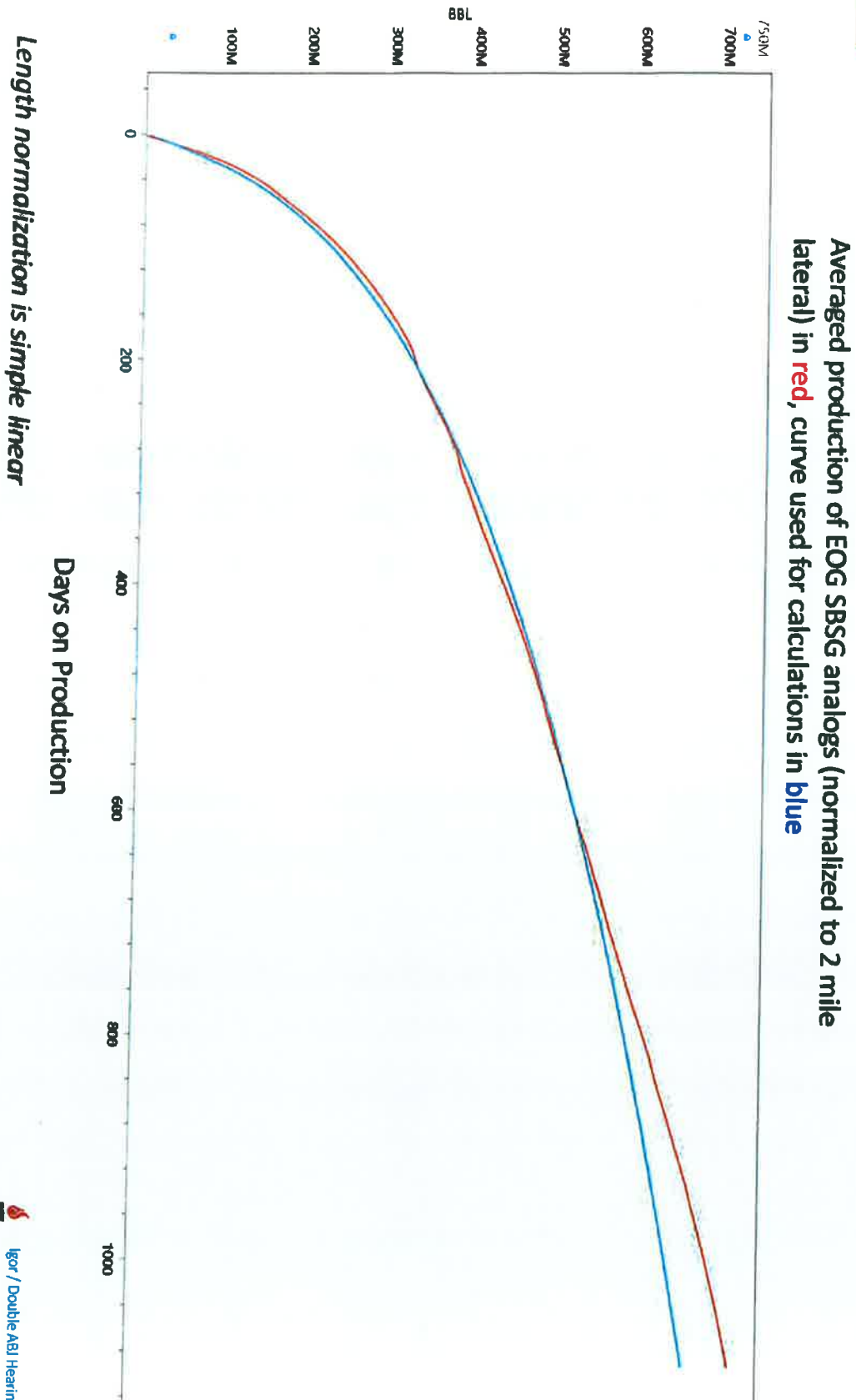
Length normalization is simple linear

Days on Production

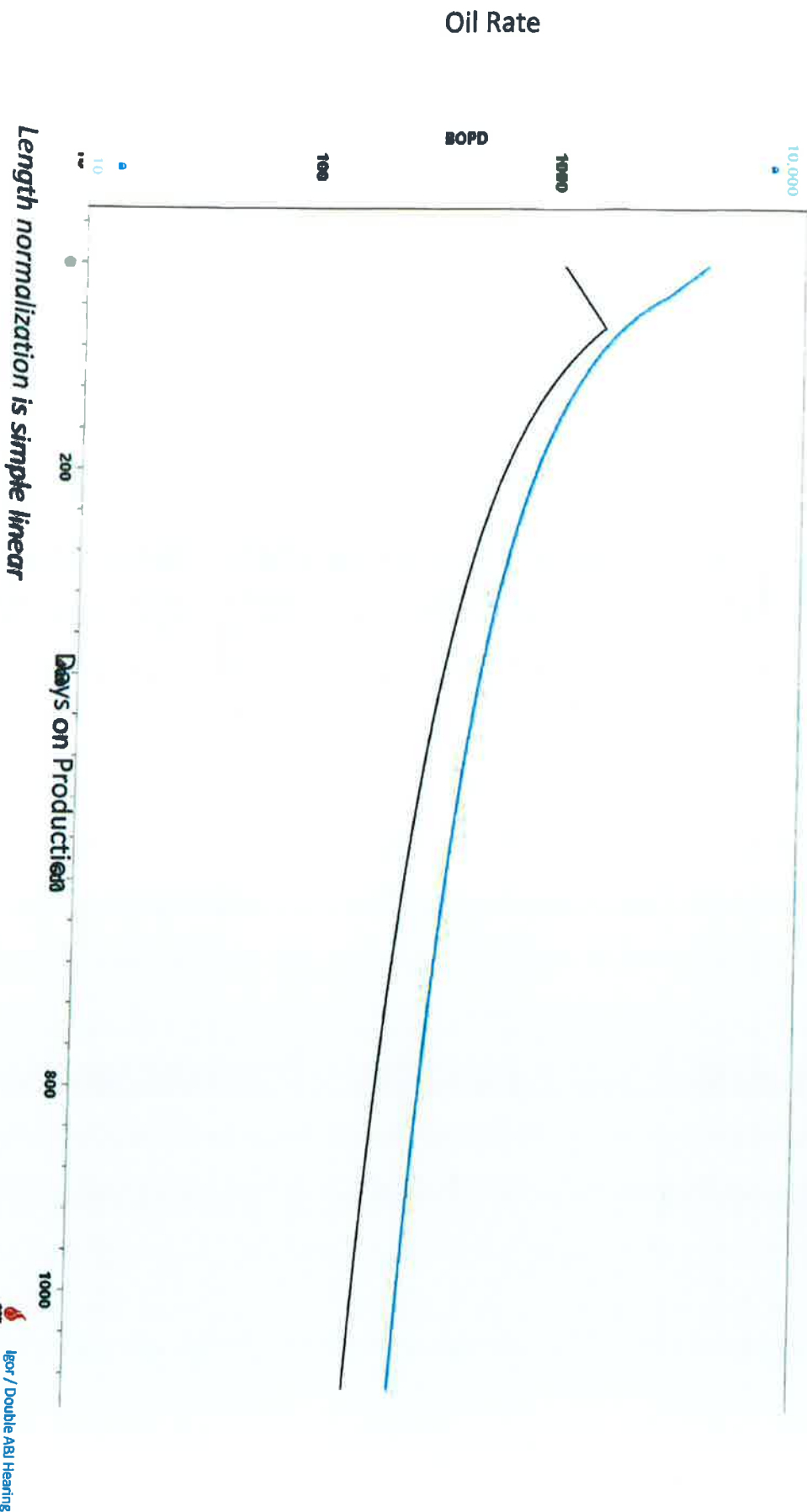


Igor / Double ABL Hearing

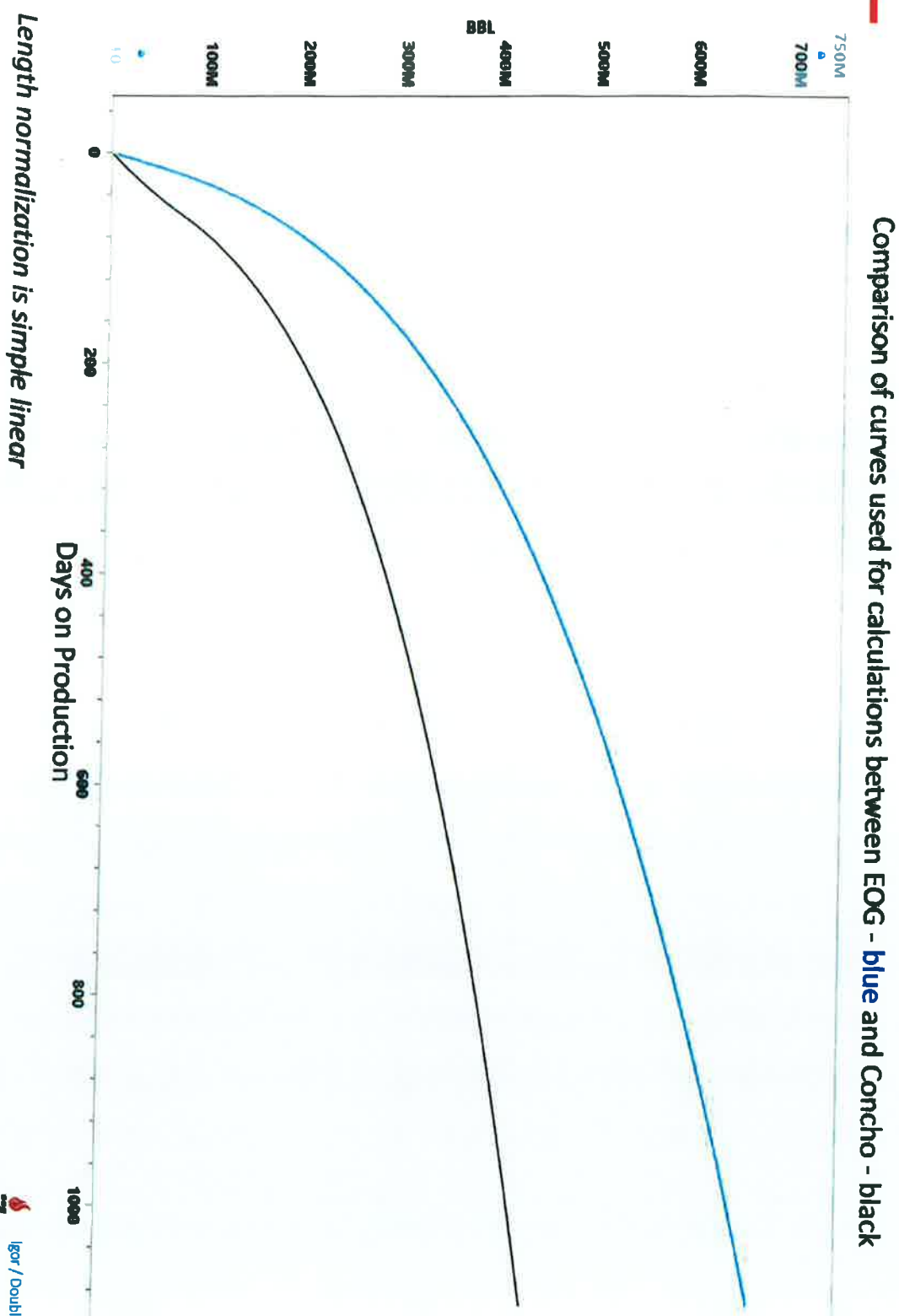
Cumulative Oil Produced



Comparison of curves used for calculations between EOG - blue and Concho - black



Oil Rate



Gross EOG SBSG Wells (3) vs Concho SBSG Wells (1 and 1 depleted) Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFT Direct NPV 10 \$MM	BFT Direct ROR %	BFT Direct BOE Finding Cost \$/BOE
IGOR SBSG 2 CXO OD	\$11.80	886	\$3.17	21	\$14.34
IGOR SBSG 2 CXO	\$11.80	1,107	\$6.84	38	\$11.47
IGOR SBSG 2 EOG	\$7.78	1,803	\$20.82	515	\$4.64

SBSG Per-well Economics Attributable to W / 2 Sec 33 23 S 32 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFT Direct NPV 10 \$MM	BFT Direct ROR %	BFT Direct BOE Finding Cost \$/BOE
IGOR SBSG 2 CXO OD	\$5.90	443	\$1.59	21	\$14.34
IGOR SBSG 2 CXO	\$5.90	554	\$3.42	38	\$11.47
IGOR SBSG 2 EOG	\$3.89	902	\$10.41	515	\$4.64

W / 2 Sec 33 23 S 32 E SBSG Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFT Direct NPV 10 \$MM	BFT Direct ROR %	BFT Direct BOE Finding Cost \$/BOE
IGOR SBSG 2 CXO OD	\$5.90	443	\$1.59	21	\$14.34
IGOR SBSG 2 CXO	\$5.90	554	\$3.42	38	\$11.47
IGOR SBSG 2 EOG	\$11.67	2705	\$31.23	515	\$4.64

Over the SBSG wells, Concho drilling the W / 2 Sec 33 23 S 32 E Igor wells compared to EOG drilling those wells is expected to result in ~\$26,220,000 in lost value to interest owners and approximately 1,708,000 fewer barrel of oil equivalents produced

TBSG Analog Wells

UWI (APINum)	Well Name	Concho	Well Number
Concho has not proposed a plan to develop TBSG			

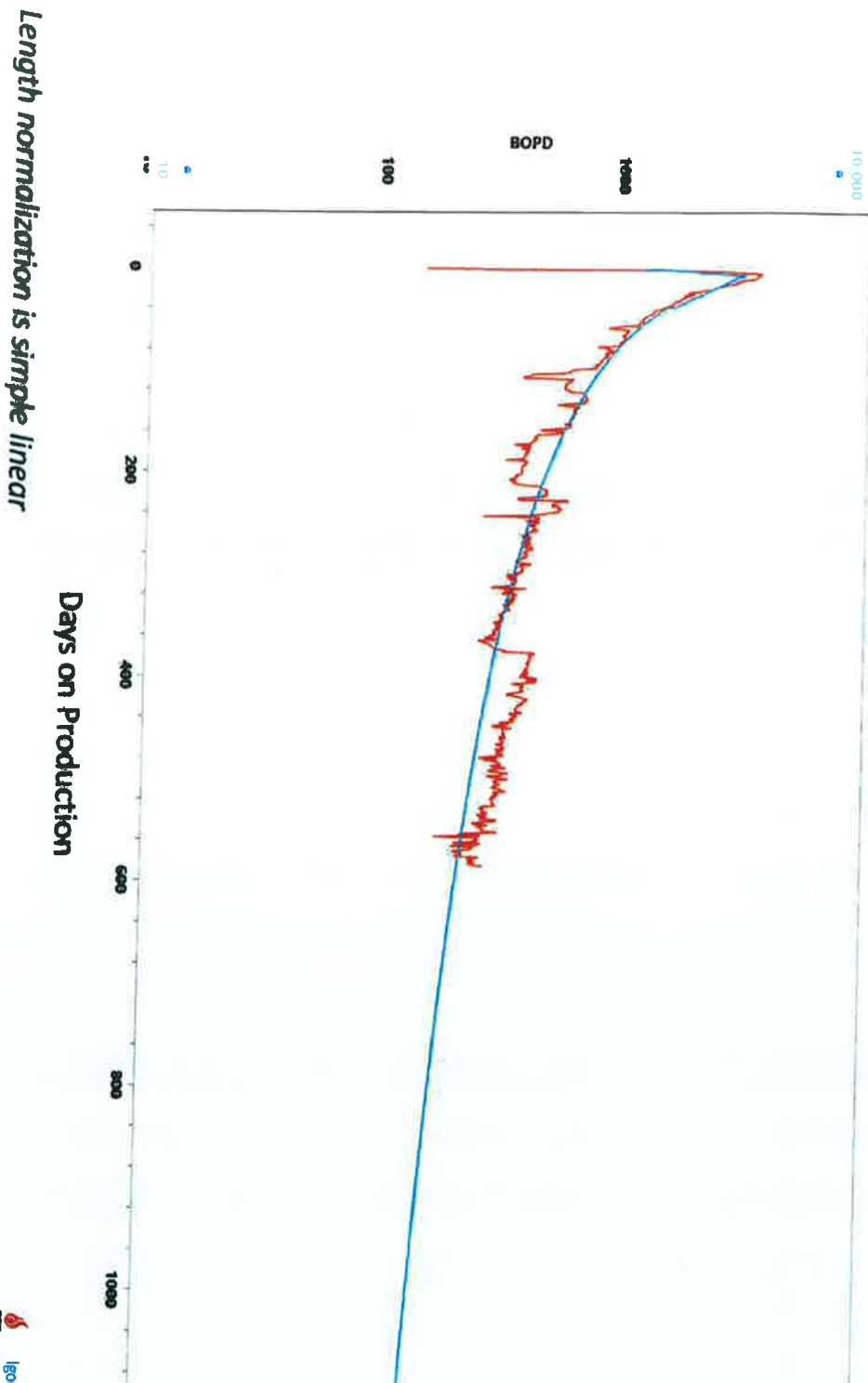
UWI (APINum)
30025457610000
30025457620000
30025458890000
30025458400000

EOG
Well Name
BANDIT 28 STATE COM
BANDIT 28 STATE COM
CARAVAN 28 STATE COM
CARAVAN 28 STATE COM

Well Number
#601H
#602H
#601H
#602H

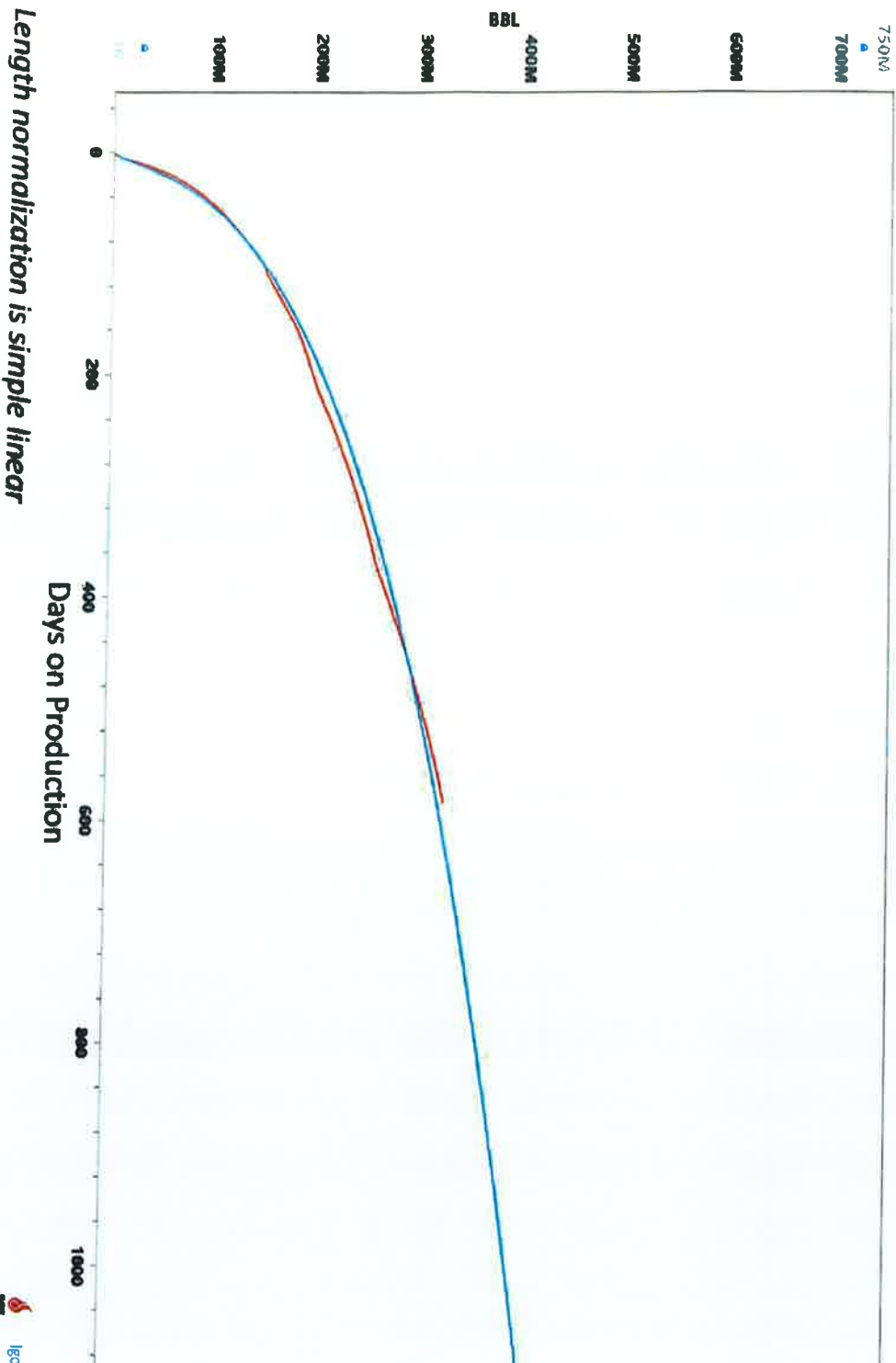
Oil Rate

Averaged production of EOG TBSG analogs (normalized to 2 mile lateral) in **red**, curve used for calculations in **blue**



Cumulative Oil Produced

Averaged production of EOG TBSG analogs (normalized to 2 mile lateral) in red, curve used for calculations in blue



Gross EOG TBSG Wells (3) vs Concho Undeveloped, Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
IGOR FBSG 2MI EOG	\$7.9	1,254	\$10.4	96	\$7.09
IGOR FBSG 2MI CXO			N/A		

TBSG Per-well Economics Attributable to W / 2 Sec 33 23 S 32 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
IGOR FBSG 2MI EOG	\$4.0	627	\$5.2	96	\$7.09
IGOR FBSG 2MI CXO			N/A		

W / 2 Sec 33 23 S 32 E TBSG Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
IGOR FBSG 2MI EOG	\$11.9	1,881	\$15.6	96	\$7.09
IGOR FBSG 2MI CXO			N/A		

Over the TBSG, Concho lack of development compared to EOG's 3 W / 2 Sec 33 23 S 32 E Igor wells is expected to result in ~\$15,600,000 in lost value to interest owners and approximately 1,881,000 fewer barrel of oil equivalents produced





WFMP Analog Wells

Concho

UWI (APINum)	Well Name	Well Number
30025463790000	EIDER 23 FEDERAL	602H
30025463810000	DOMINATOR 25 FEDERAL COM	702H
30025447160000	DOMINATOR 25 FEDERAL COM	706H
30025447170000	DOMINATOR 25 FEDERAL COM	709H
30025447120000	DOMINATOR 25 FEDERAL COM	607H
30025447140000	DOMINATOR 25 FEDERAL COM	703H
30025447050000	DOMINATOR 25 FEDERAL COM	608H
30025447130000	DOMINATOR 25 FEDERAL COM	702H
30025447150000	DOMINATOR 25 FEDERAL COM	704H
30025448160000	DOMINATOR 25 FEDERAL COM	603H
30025447320000	DOMINATOR 25 FEDERAL COM	712H
30025447280000	DOMINATOR 25 FEDERAL COM	606H
30025447290000	DOMINATOR 25 FEDERAL COM	707H
30025447300000	DOMINATOR 25 FEDERAL COM	708H
30025447450000	DOMINATOR 25 FEDERAL COM	711H
30025447460000	DOMINATOR 25 FEDERAL COM	705H
30025447470000	DOMINATOR 25 FEDERAL COM	710H
30025448140000	DOMINATOR 25 FEDERAL COM	713H
30025448150000	DOMINATOR 25 FEDERAL COM	601H
30025447410000	DOMINATOR 25 FEDERAL COM	602H
30025447420000	DOMINATOR 25 FEDERAL COM	604H
30025447430000	DOMINATOR 25 FEDERAL COM	605H
30025447440000	DOMINATOR 25 FEDERAL COM	609H
30025447480000	DOMINATOR 25 FEDERAL COM	701H
	DOMINATOR 25 FEDERAL COM	714H

EOG

UWI (APINum)	Well Name	Well Number
30025441270000	HEARTTHROB 17 STATE	#701H
30025441280000	HEARTTHROB 17 STATE	#702H
30025451380000	HEARTTHROB 17 STATE	#703H
30025451390000	HEARTTHROB 17 STATE	#704H
30025451400000	HEARTTHROB 17 STATE	#705H
30025451410000	HEARTTHROB 17 STATE	#706H
30025451420000	HEARTTHROB 17 STATE	#707H
30025451430000	HEARTTHROB 17 STATE	#708H
30025443430000	HEMLOCK 32 STATE	#701H
30025443440000	HEMLOCK 32 STATE	#702H
30025455230000	HEMLOCK 32 STATE	#703H
30025455160000	HEMLOCK 32 STATE	#704H
30025449590000	MAMBA 30 STATE COM	#702H
30025449570000	MAMBA 30 STATE COM	#703H
30025449570000	MAMBA 30 STATE COM	#704H
30025453180000	MAMBA 30 STATE COM	#706H
30025453190000	MAMBA 30 STATE COM	#707H
30025453200000	MAMBA 30 STATE COM	#708H
30025456970000	PYTHON 36 STATE	#705H
30025457400000	PYTHON 36 STATE	#706H
30025456980000	PYTHON 36 STATE	#707H
30025456960000	PYTHON 36 STATE	#703H
30025457390000	PYTHON 36 STATE	#704H
30025449750000	SAVAGE 2 STATE COM	#701H
30025463320000	SAVAGE 2 STATE COM	#702H
30025463330000	SAVAGE 2 STATE COM	#704H
30025463420000	SAVAGE 2 STATE COM	#705H
30025463480000	SAVAGE 2 STATE COM	#707H
30025463370000	SAVAGE 2 STATE COM	#708H
30025452690000	YARROW 32 STATE	#701H
30025452700000	YARROW 32 STATE	#702H
30025452710000	YARROW 32 STATE	#703H
30025452720000	YARROW 32 STATE	



Igor / Double AB Hearing

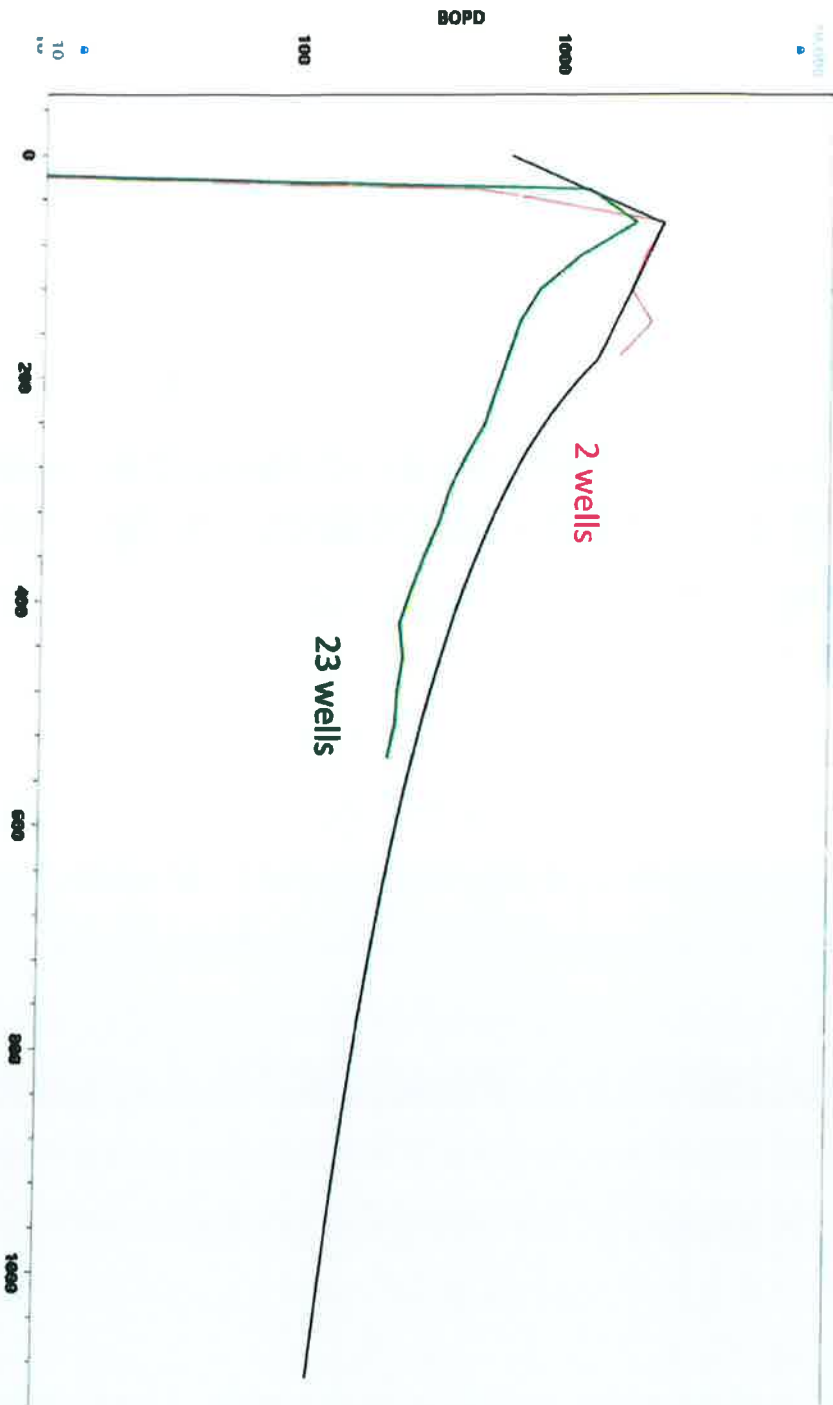
WFMP Analogs

- **Concho only has 2 strict analogs to Igor / Double ABI**
 - Brought online this year, not enough data to define late-time performance
- **Search for wells expanded to include Concho wells in the same geologic interval**
 - Nearest wells used





Averaged production of Concho WFMF analogs (normalized to 2 mile lateral) in **purple** and green, curve used for calculations in black



Length normalization is simple linear

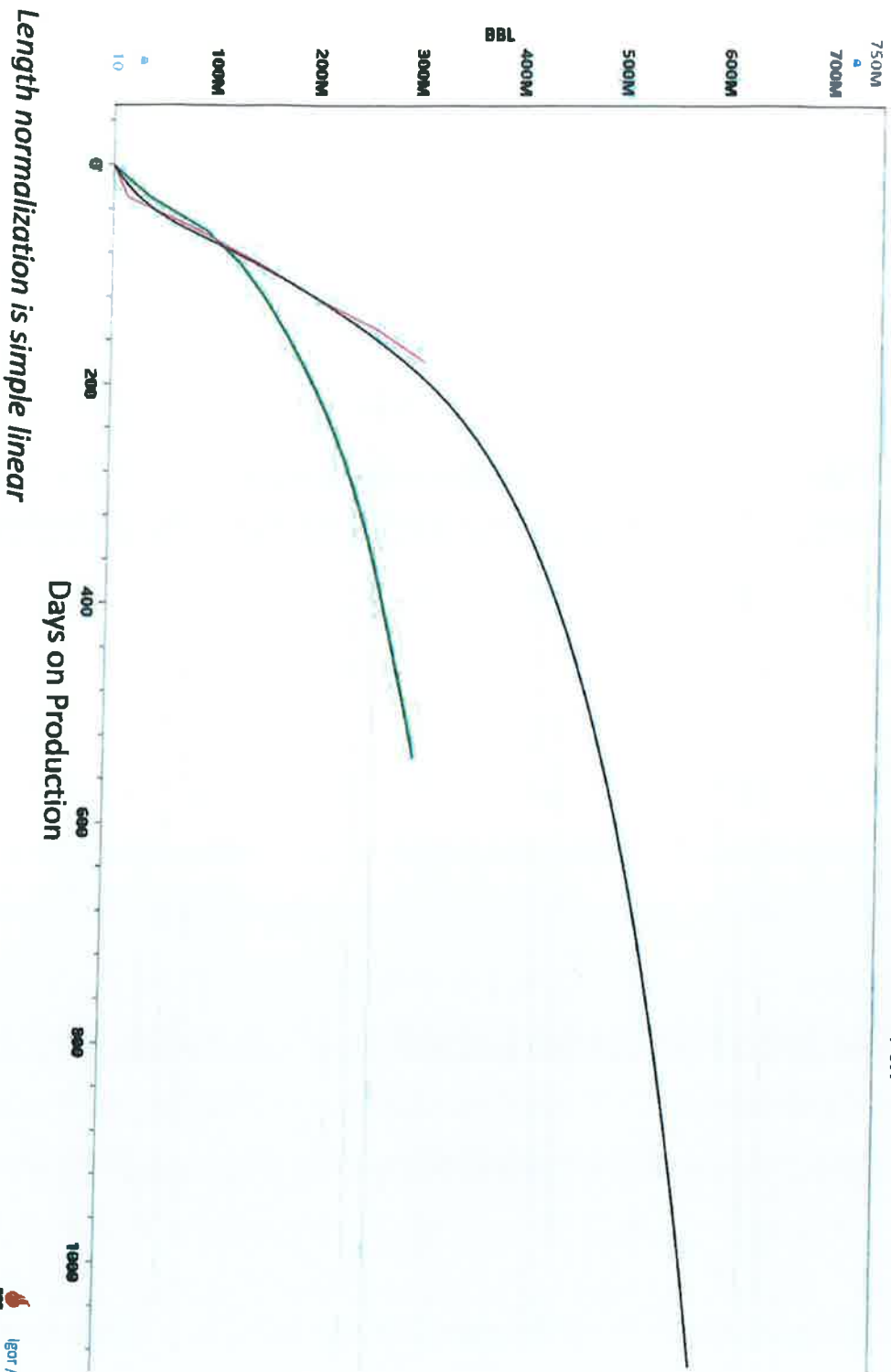
Days on Production



Igor / Double ABL Hearing

Cumulative Oil Produced

Averaged production of Concho WFMIP analogs (normalized to 2 mile lateral) in purple and green, curve used for calculations in black

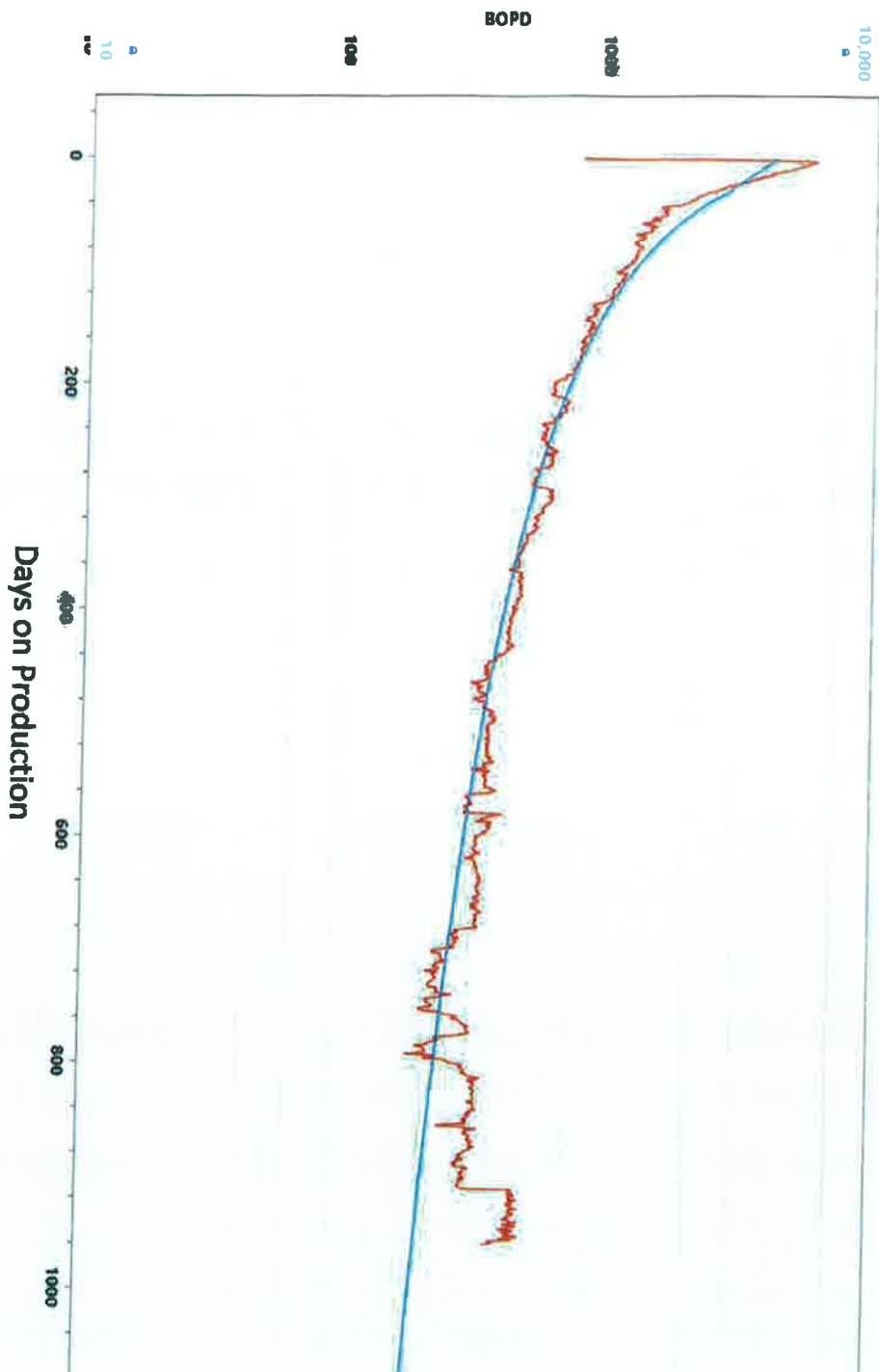


igor / Double ABJ Hearing



Averaged production of EOG WFMF analogs (normalized to 2 mile lateral) in **red**, curve used for calculations in **blue**

Oil Rate

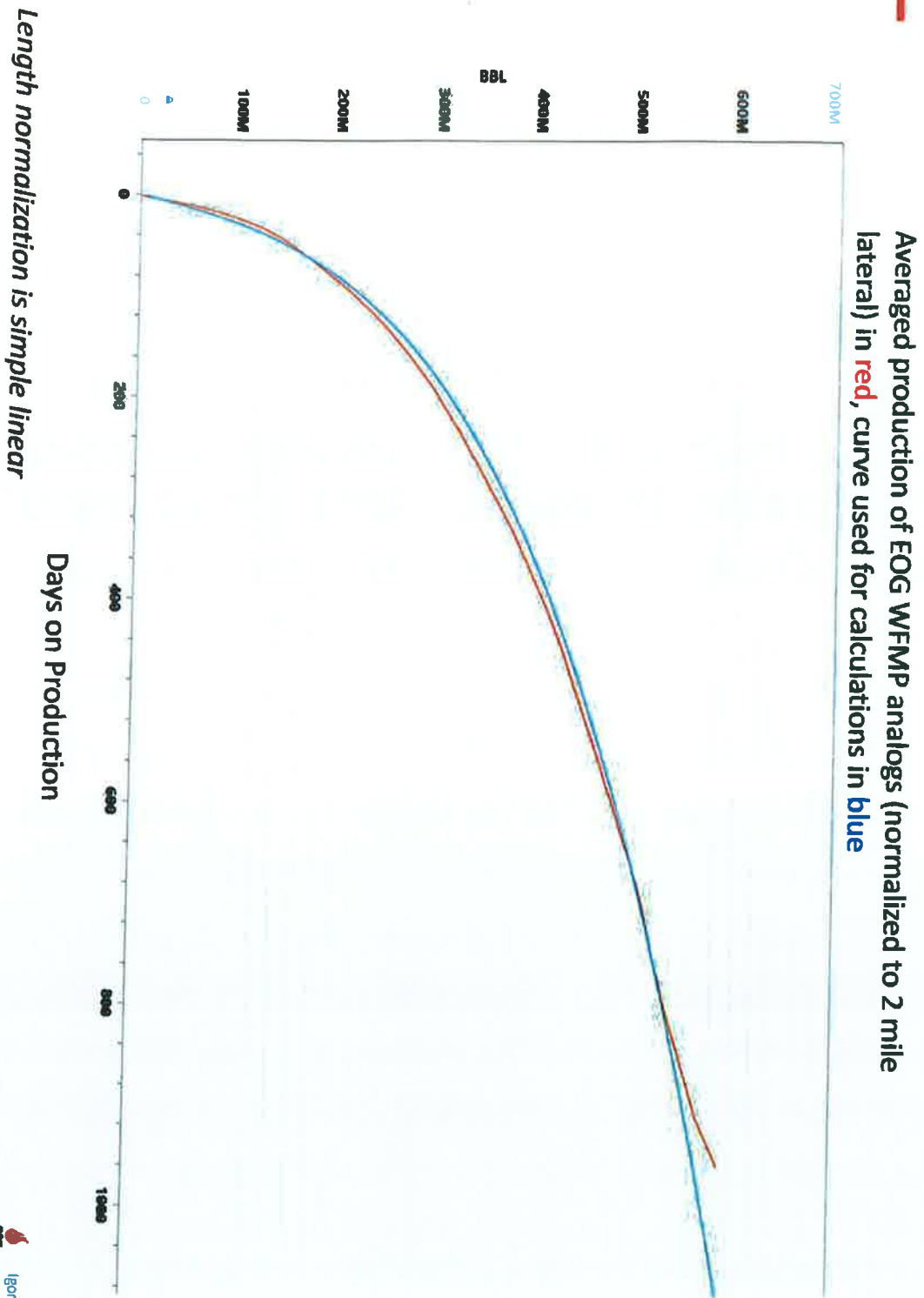


Length normalization is simple linear



Igor / Double ASI Hearing

Cumulative Oil Produced



Gross EOG WFMP Wells (5) vs Concho WFMP Wells (8) Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
IGOR WFMP 2MI EOG	\$8.3	1,600	\$12.8	296	\$5.42
IGOR WFMP 2MI CXO	\$13.9	1,110	\$4.0	44	\$13.13

WFMP Per-well Economics Attributable to W / 2 Sec 33 23 S 32 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
IGOR WFMP 2MI EOG	\$4.2	800	\$6.4	296	\$5.42
IGOR WFMP 2MI CXO	\$6.9	555	\$2.0	44	\$13.13

W / 2 Sec 33 23 S 32 E WFMP Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
IGOR WFMP 2MI EOG	\$20.8	4,000	\$25.6	296	\$5.42
IGOR WFMP 2MI CXO	\$13.9	2,220	\$10.0	44	\$13.13

Over the WFMP wells, Concho drilling the W / 2 Sec 33 23 S 32 E Igor wells compared to EOG drilling those wells is expected to result in ~\$15,600,000 in lost value to interest owners and approximately 1,780,000 fewer barrel of oil equivalents produced



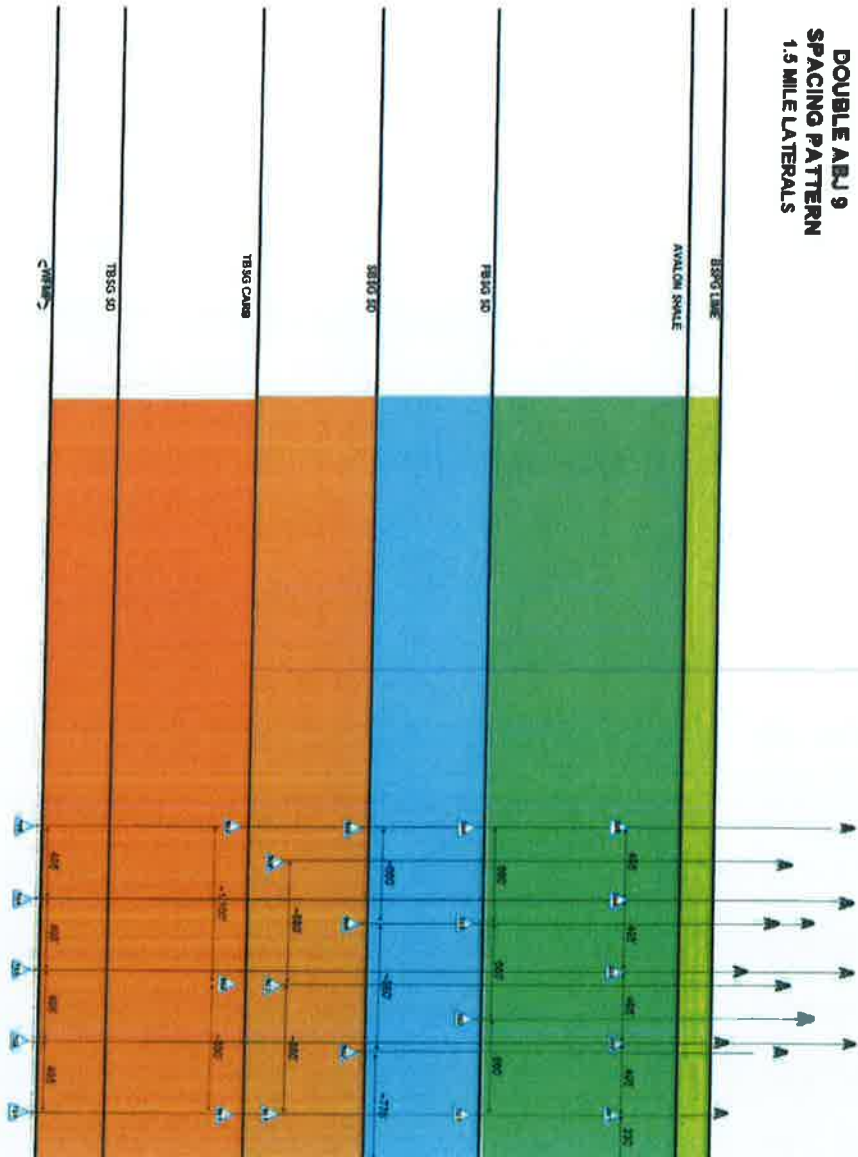
Combined Impact of Concho Drilling Igor Section

	Value Change Applicable to All Interest Owners, \$	Total Ultimate Recovery Impact Applicable to All Parties, BOE
Over		
LNRD	(51,300,000)	(2,346,000)
FBSG	(13,600,000)	(1,656,000)
SBSG	(26,220,000)	(1,708,000)
TBSG	(15,600,000)	(1,881,000)
WFMF	(15,600,000)	(1,780,000)
Total	(122,320,000)	(9,371,000)



DOUBLE ABJ 9 SPACING PATTERN 1.5 MILE LATERALS

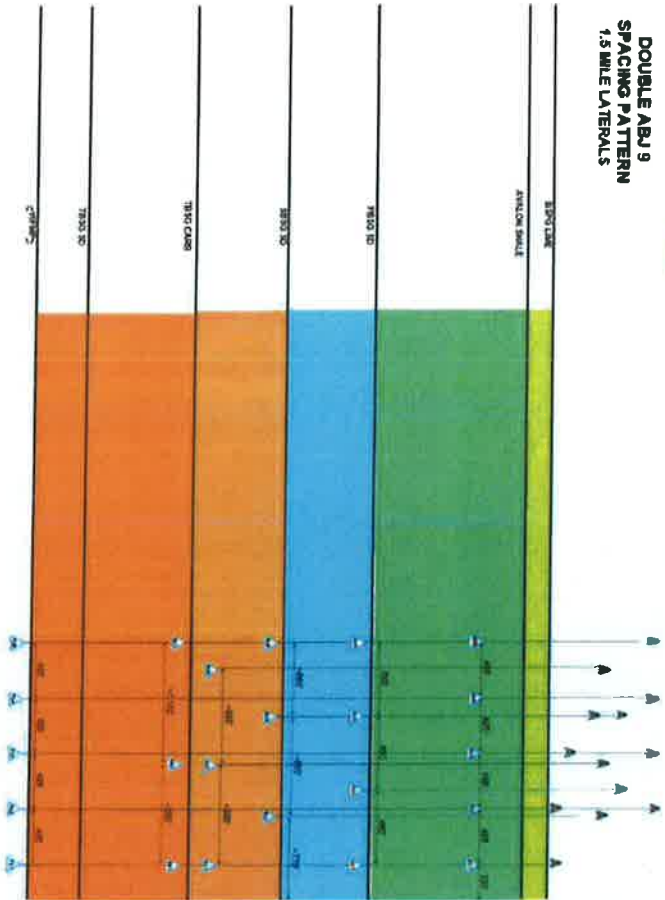
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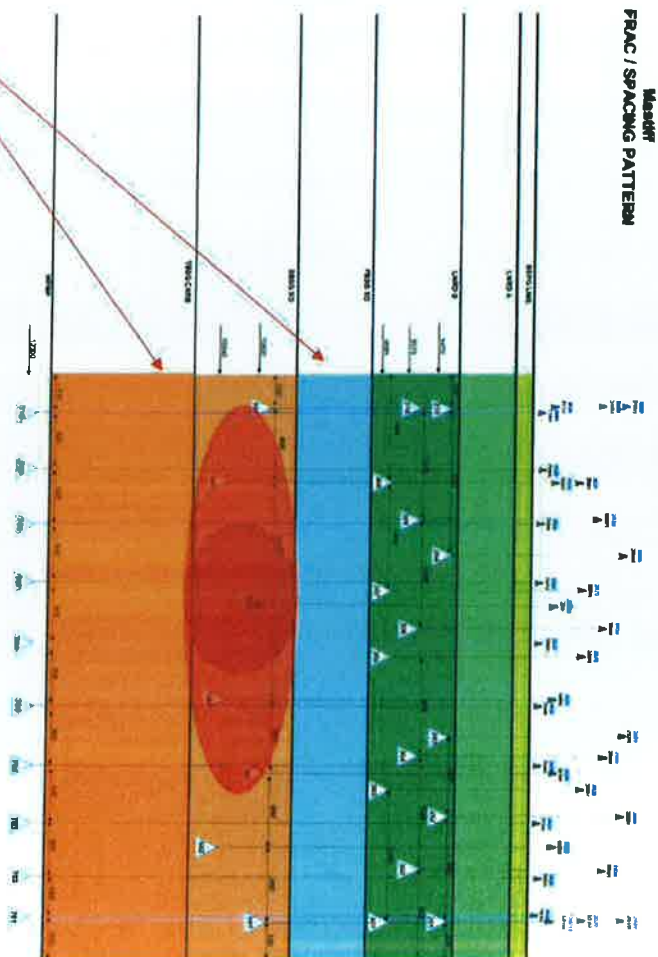
Igor / Double ABJ Hearing



EOG proposals



Concho proposals



Targets undeveloped



Concho's expensive well costs impair the value of the leases

Double ABJ – SE / 4 Sec 9 24 S 32 E

Proposed Well Cost By Formation	EOG, \$MM	CXO, \$MM
EOG 1.5 mile laterals, Concho 2 mile laterals		
LNRD	6.1	10.4
FBSG	6.3	No plan to develop
SBSG	6.4	11.8
TBSG	6.6	No plan to develop
WFMIP	6.8	13.9

EOG costs adjusted from AFE exhibits to reflect artificial lift and facilities costs (which are on CXO AFEs)



Gross EOG LNRD (Avalon) Wells (5) vs Concho LNRD (Avalon) Wells (7) Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
D ABJ LNRD 1.5 MI EOG	\$6.10	1,875	\$17.35	335	\$3.41
D ABJ LNRD 2MI CXO	\$10.40	621	(\$2.17)	0	\$18.77

LNRD (Avalon) Per-well Economics Attributable to SE / 4 Sec 9 24 S 33 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
D ABJ LNRD 1.5 MI EOG	\$2.03	625	\$5.78	335	\$3.41
D ABJ LNRD 2MI CXO	\$2.6	156	(\$0.54)	0	\$18.77

SE / 4 Sec 9 24 S 33 E LNRD (Avalon) Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFTT Direct NPV 10 \$MM	BFTT Direct ROR %	BFTT Direct BOE Finding Cost \$/BOE
D ABJ LNRD 1.5 MI EOG	\$20.3	3,125	\$28.9	335	\$3.41
D ABJ LNRD 2MI CXO	\$18.2	1,092	(\$3.78)	0	\$18.77

Over the LNRD (Avalon) wells, Concho drilling the SE / 4 Sec 9 24 S 33 E Double ABJ wells compared to EOG drilling those wells is expected to result in ~\$32,700,000 in lost value to interest owners and approximately 2,035,000 fewer barrel of oil equivalents produced



Gross EOG FBSG Wells (4) vs Concho Undeveloped Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ FBSG 1.5 MI EOG	\$6.30	620	\$4.11	45	\$11.16
D ABJ FBSG 2MI CXO			N/A		

FBSG Per-well Economics Attributable to SE / 4 Sec 9 24 S 33 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ FBSG 1.5 MI EOG	\$2.10	207	\$1.37	45	\$11.16
D ABJ FBSG 2MI CXO			N/A		

SE / 4 Sec 9 24 S 33 E FBSG Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ FBSG 1.5 MI EOG	\$8.10	825	\$5.48	45	\$11.16
D ABJ FBSG 2MI CXO			N/A		

Over the FBSG, Concho lack of development compared to EOG's 4 SE / 4 Sec 9 24 S 33 E Double ABJ wells is expected to result in ~\$5,480,000 in lost value to interest owners and approximately 825,000 fewer barrel of oil equivalents produced



Gross EOG SBSG Wells (6) vs Concho SBSG Wells (3 and 1 depleted) Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ SBSG 2 CXO OD	\$11.80	883	\$1.76	15	\$15.12
D ABJ SBSG 2 CXO	\$11.80	1,103	\$5.08	28	\$12.10
D ABJ SBSG 1.5 EOG	\$6.40	1,349	\$14.06	312	\$5.36

SBSG Per-well Economics Attributable to SE / 4 Sec 9 24 S 33 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ SBSG 2 CXO OD	\$2.95	221	\$0.44	15	\$15.12
D ABJ SBSG 2 CXO	\$2.95	276	\$1.27	28	\$12.10
D ABJ SBSG 1.5 EOG	\$2.13	450	\$4.69	312	\$5.36

SE / 4 Sec 9 24 S 33 E SBSG Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ SBSG 2 CXO OD	\$2.95	221	\$0.44	15	\$15.12
D ABJ SBSG 2 CXO	\$8.85	828	\$3.81	28	\$12.10
D ABJ SBSG 1.5 EOG	\$12.8	2,698	\$28.1	312	\$5.36

Over the SBSG wells, Concho drilling the SE / 4 Sec 9 24 S 33 E Double ABJ wells compared to EOG drilling those wells is expected to result in ~\$23,850,000 in lost value to interest owners and approximately 1,649,000 fewer barrel of oil equivalents produced



Gross EOG TBSG Wells (3) vs Concho Undeveloped, Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ TBSG 1.5 MI EOG	\$6.60	942	\$7.91	84	\$7.54
D ABJ TBSG 2MI CXO			N/A		

TBSG Per-well Economics Attributable to SE / 4 Sec 9 24 S 33 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ TBSG 1.5 MI EOG	\$2.20	314	\$2.64	84	\$7.54
D ABJ TBSG 2MI CXO			N/A		

SE / 4 Sec 9 24 S 33 E TBSG Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ TBSG 1.5 MI EOG	\$6.60	942	\$7.91	84	\$7.54
D ABJ TBSG 2MI CXO			N/A		

Over the TBSG, Concho lack of development compared to EOG's 3 SE / 4 Sec 9 24 S 33 E Double ABJ wells is expected to result in ~\$7,900,000 in lost value to interest owners and approximately 942,000 fewer barrel of oil equivalents produced



Gross EOG WMFP Wells (3) vs Concho WMFP Wells (3), Per-well Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ WMFP 1.5 MI EOG	\$6.80	1,244	\$11.45	264	\$6.00
D ABJ WMFP 2MI CXO	\$13.90	1,173	\$4.32	39	\$13.06

WMFP Per-well Economics Attributable to SE / 4 Sec 9 24 S 33 E Interest Owners

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ WMFP 1.5 MI EOG	\$2.27	415	\$3.81	264	\$6.00
D ABJ WMFP 2MI CXO	\$3.48	293	\$1.08	39	\$13.06

SE / 4 Sec 9 24 S 33 E WMFP Proposed Wells Total Economics

Name	Gross Total Capital \$MM	Gross Sold BOE EUR MBOE	BFIT Direct NPV 10 \$MM	BFIT Direct ROR %	BFIT Direct BOE Finding Cost \$/BOE
D ABJ WMFP 1.5 MI EOG	\$6.80	1,244	\$11.45	264	\$6.00
D ABJ WMFP 2MI CXO	\$10.4	880	\$3.24	39	\$13.06

Over the WMFP formation, Concho drilling the SE / 4 Sec 9 24 S 33 E Double ABJ wells compared to EOG drilling those wells is expected to result in ~\$8,210,000 in lost value to interest owners and approximately 365,000 fewer barrel of oil equivalents produced



Combined Impact of Concho Drilling Double ABJ Section

	Value Change Applicable to All Interest Owners	Total Ultimate Recovery Impact Applicable to All Parties, BOE
Over		
LNRD	\$ (32,700,000)	(2,035,000)
FBSG	\$ (5,480,000)	(825,000)
SBSG	\$ (23,850,000)	(1,649,000)
TBSG	\$ (7,900,000)	(924,000)
WFMMP	\$ (8,210,000)	(365,000)
Total	\$ (78,140,000)	(5,798,000)

Combined Impact of Concho Drilling Both EOG Sections

	Value Change Applicable to All Interest Owners	Total Ultimate Recovery Impact Applicable to All Parties, BOE
Total	\$ (200,460,000)	(15,170,000)



End of current draft

