



RECEIVED OGD

July 13, 2015

2015 JUL 17 P 3: 03

State of New Mexico
Oil Conservation Division
Attn: Mr. David Catanach
1220 South Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 15316: Application of Apache Corporation for approval of a Project Area encompassing communitized lands in T. 17S, R. 31E, N.M.P.M., Eddy County, New Mexico, and the approval of surface commingling and the establishment of a new pool for the communitized project area. Applicant in the above-styled cause seeks an order (1) approving a project area created under a federal communitization agreement covering approximately 5051.36 acres, which consists of Sections 3, 4, 5, 6, 7, 8, 9, and 10 in Township 17 South, Range 31 East, Eddy County, New Mexico, (2) authorizing wells to be located anywhere within the proposed project area so long as the completed interval is no closer than the setback requirements for the proposed project area, (3) establishing a new pool within the communitized area and contracting the boundary of the Fren-Glorieta Yeso Pool (26770), and (4) allowing surface commingling within the proposed project area. The subject acreage is located approximately 5 miles east of Loco Hills.

Dear Mr. Catanach:

COG Operating LLC ("COG") is a working interest owner to the referenced proposed application submitted by Apache Corporation. COG extends our support of the proposed application to prevent waste, promote conservation, protect correlative rights, and protect the lands.

The proposed project area is located in the Dune Sagebrush Lizard Habitat ("DSBLH") with dense sand dune topography. With today's regulations in the DSBLH, surface locations are limited. Surface commingling will allow multiple wells to share a common facility that will reduce surface disturbance of the DSBLH.

As mentioned above, the DSBLH limits surface locations. Authorizing wells to be located anywhere in the proposed project area allows for the flexibility to develop the lands in order to prevent waste and prevent stranding acreage. This will increase the locations that comply with the DSBLH and will promote development to protect correlative rights.

The application will bring economic benefit to the Overriding Royalty Interest Owner, Bureau of Land Management, and the State of New Mexico. Surface commingling will lower the facilities cost over the entire proposed project area. The lower cost will justify increased development with the low oil prices and create revenue for the aforementioned parties.

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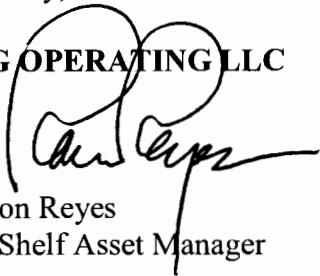
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COG appreciates your consideration of the proposed application. We feel the approval of the application will benefit all interest owners of the lands, prevent waste, promote conservation, protect correlative rights, and protect the lands.

Please do not hesitate contacting me if you have any questions or if I can be of any assistance. My direct phone number is 432-685-4362 or you can email me at Rreyes@concho.com.

Sincerely,

COG OPERATING LLC

A handwritten signature in black ink, appearing to read 'Ramon Reyes', is written over the company name.

Ramon Reyes
NM Shelf Asset Manager