



Elizabeth A. Ryan
Senior Counsel

June 26, 2018

VIA HAND-DELIVERY

Ms. Heather Riley, Director
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

JUN 28 2018 4:02PM

Case 16319

Re: Application of COG Operating LLC for a Non-Standard Oil Spacing and Proration Unit, Unorthodox Well Locations, and Compulsory Pooling, Lea County, New Mexico.

Dear Director Riley:

Enclosed please find COG Operating LLC's application for the Snapback Fee 601H, Snapback Fee 602H, Snapback Fee 603H, Snapback Fee 701H, Snapback Fee 702H, Snapback Fee 703H and Snapback Fee 704H. Concho requests this application be heard on July, 26 2018 Division Examiner docket.

Thank you for your time and attention to this matter.

Sincerely,

Elizabeth A. Ryan
Senior Counsel
COG Operating LLC

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

**APPLICATION OF COG OPERATING LLC
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT, UNORTHODOX WELL
LOCATIONS, AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

COG-2018-4177X

Case No. 16319

APPLICATION

COG Operating LLC (“COG”) through its attorneys Ocean Munds-Dry, William R. Carr and Elizabeth A. Ryan hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Sec. 70-2-17, for an order (1) creating a 320-acre, more or less, spacing and proration unit comprised of SE/4 of Section 18 and NE/4 of Section 19, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp Formation, WC-025 G-09 S243532M;Wolfbone Pool [98098]. In support of its Application, COG states:

1. COG (OGRID No. 229137) is a working interest owner in the proposed horizontal spacing and proration unit and has the right to drill a well thereon.
2. COG proposes to dedicate the above-referenced spacing and proration unit to the below-described wells:
 - a. **Snapback Fee 601H Well**, to be drilled horizontally from a surface location in NE/4SE/4 (Unit I) of Section 18 to a bottom hole location in SE/4NE/4 (Unit H) of Section 19. This well location is unorthodox because the completed interval will be within 330 feet from the outer boundary of the horizontal spacing unit, and COG will be seeking administrative approval of a non-standard location.

- b. **Snapback Fee 602H Well, Snapback Fee 701H Well and Snapback Fee 702H Well**, to be drilled horizontally from surface locations in NE/4SE/4 (Unit I) of Section 18 to bottom hole locations in SE/4NE/4 (Unit H) of Section 19, which will remain within the 330-foot offset as required by the Statewide rules for oil wells.
 - c. **Snapback Fee 703H Well and Snapback Fee 704H Well**, to be drilled horizontally from surface locations in NW/4SE/4 (Unit J) of Section 18 to bottom hole locations in SW/4NE/4 (Unit G) of Section 19, which will remain within the 330-foot offset as required by the Statewide rules for oil wells.
 - d. **Snapback Fee 603H Well**, to be drilled horizontally from a surface location in NW/4SE/4 (Unit J) of Section 18 to a bottom hole location in SW/4NE/4 (Unit G) of Section 19. This well location is unorthodox because the completed interval will be within 330 feet from the outer boundary of the horizontal spacing unit, and COG will be seeking administrative approval of a non-standard location.
3. The proposed horizontal spacing unit is comprised of the SE/4 Section 18 and the NE/4 Section 19, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico.
4. COG has sought in good faith and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.
6. Because the proposed wells will be simultaneously drilled and completed, COG requests an extension of the 120-day time period to drill and complete a well provided by the standard pooling order.

7. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this non-standard spacing unit should be pooled, and COG Operating LLC should be designated the operator of the proposed horizontal wells and spacing unit.

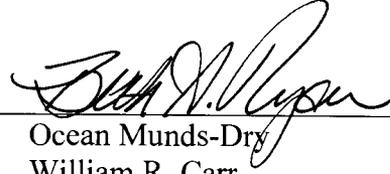
WHEREFORE, COG requests that, this Application be set for hearing before an Examiner of the Oil Conservation Division on July 26, 2018, and, after notice and hearing, the Division enter its order:

- A. Creating a 320-acre, more or less, horizontal spacing and proration unit in the Wolfcamp Formation comprised of the SE/4 Section 18 and the NE/4 Section 19, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico;
- B. Designating seven initial wells for said spacing unit;
- C. Pooling all uncommitted interests in the Wolfcamp Formation underlying the horizontal spacing and proration unit;
- D. Designating COG Operating LLC as the operator of this spacing unit and horizontal wells to be drilled thereon;
- E. Authorizing COG to recover its costs of drilling, equipping, and completing the wells, and allocating its costs among the wells' interest owners;
- F. Approving actual operating charges and costs charged for supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% penalty for the risk assumed by COG in drilling and completing the well against any working interest owner who does not voluntarily elect to participate in the drilling of the well.

Respectfully submitted,

COG OPERATING LLC

By:



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Attorneys for COG Operating LLC

Parties Being Pooled

Marathon Oil Permian, LLC
5555 San Felipe Street
Houston, TX 77056

Chevron U.S.A., Inc.
6301 Deauville Blvd.
Midland, TX 79707

Devon Energy and Production Company,
L.P.
333 W. Sheridan Avenue
Oklahoma City, OK 73102

Katherine Ross Madera Sharbutt
P.O. Box 443
Manhattan, MT 59741

Tap Rock Resources, LLC
602 Park Point Drive, Suite 200
Golden, CO 80401

Crump Energy Partners III, LLC
P.O. Box 50820
Midland, TX 79710

Crown Oil Partners VI, LLC
P.O. Box 50820
Midland, TX 79710

Topwater Resources, LLC
4747 Research Forest Dr., Ste 180-315
The Woodlands, TX 77381

Thomas K. & Grace G. McGinley 1968
Revocable
Trust B
c/o Bank of America N.A. Trustee
P.O. Box 830308
Dallas, TX 75283

CASE NO. 16319

Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating a 320-acre, more or less, horizontal spacing and proration unit comprised of SE/4 Section 18 and the NE/4Section 19, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp Formation, Wolfbone Pool, underlying said acreage. Said spacing unit is for seven proposed initial wells, to be drilled and completed simultaneously: **Snapback Fee 601H Well**, to be drilled horizontally from a surface location in NE/4SE/4 (Unit I) of Section 18 to a bottom hole location in SE/4NE/4 (Unit H) of Section 19, with an unorthodox location; **Snapback Fee 602H Well, Snapback Fee 701H Well, and Snapback Fee 702H Well**, to be drilled horizontally from surface locations in NE/4SE/4 (Unit I) of Section 18 to bottom hole locations in SE/4NE/4 (Unit H) of Section 19, which will remain within the 330-foot offset as required by the Statewide rules for oil wells; **Snapback Fee 703H Well and Snapback Fee 704H Well** to be drilled horizontally from surface locations in NW/4SE/4 (Unit J) of Section 18 to bottom hole locations in SW/4NE/4 (Unit G) of Section 19, which will remain within the 330-foot offset as required by the Statewide rules for oil wells; and **Snapback Fee 603H Well**, to be drilled horizontally from a surface location in NW/4SE/4 (Unit J) of Section 18 to a bottom hole location in SW/4NE/4 (Unit G) of Section 19, with an unorthodox location. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the wells, and a 200% penalty for risk involved in the drilling the wells. Said area is approximately 14 miles northwest of Jal, New Mexico.