

HOLLAND & HART LLP



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July 5, 2011

HAND-DELIVERED

Jami Bailey
Division Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14706

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2011 JUL -5 P 3:53

Re: Application of COG Operating, LLC for a non-standard spacing and proration unit, a non-standard location and compulsory pooling, Eddy County, New Mexico.

Dear Ms. Bailey:

Enclosed is the application of COG Operating, LLC in the above-referenced case as well as a copy of a legal advertisement. COG Operating, LLC requests that this matter be placed on the docket for the August 4, 2011 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: David Evans

Holland & Hart LLP

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

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IN THE MATTER OF THE APPLICATION
OF COG OPERATING, LLC FOR A
NON-STANDARD SPACING AND PRORATION
UNIT, NON-STANDARD LOCATION AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 14706

APPLICATION

COG OPERATING, LLC, ("COG") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order: (1) creating a non-standard spacing unit comprised of the W/2 W/2 of Section 12, Township 17 South, Range 31 East, NMPM, which will be the project area for the Puckett "12" Federal Well No. 1H; (2) non-standard location for its Puckett "12" Federal Well No. 1H and (3) pooling all mineral interests in the Glorieta-Yeso formation in the following described project area located in the W/2 W/2 of Section 12, Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico to form a 160-acre project area in the Glorieta-Yeso formation. In support of its application, COG states:

1. COG is a working interest owner in the W/2 W/2 of Section 12 and has the right to drill thereon.
2. COG proposes to dedicate the above-referenced spacing or proration unit to its Puckett "12" Well No. 1H to be drilled from a non-standard surface location 75 feet from the South line and 330 feet from the West line (Unit M) and a bottomhole location 330 feet from the North and West lines (Unit D) of Section 12.

3. COG has sought and been unable to obtain voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and COG Operating, LLC should be designated the operator of the well to be drilled.

WHEREFORE, COG Operating, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 4, 2011 and, after notice and hearing as required by law, the Division enter its order:

- A. creating a non-standard spacing and proration unit in the Glorieta-Yeso formation comprised of the W/2 W/2 of Section 12, Township 17 South, Range 31 East, NMPM;
- B. authorizing a non-standard location for the Puckett "12" Federal Well No. 1H;
- C. pooling all mineral interests in the subject project area,
- D. designating COG Operating, LLC operator of this project area and the well to be drilled thereon,
- E. authorizing COG Operating, LLC to recover its costs of drilling, equipping and completing the well,
- F. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and

- G. imposing a 200% penalty for the risk assumed by COG Operating, LLC in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By:


Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
(505)988-4421

ATTORNEYS FOR COG OPERATING, LLC

EXHIBIT A

**APPLICATION OF
COG OPERATING, LLC
FOR A NON-STANDARD SPACING AND PRORATION UNIT, NON-STANDARD
LOCATION AND COMPULSORY POOLING
W/2 W/2 OF SECTION 12, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

Burnett Oil Company
Burnett Plaza, Unit 9
801 Cherry Street, Suite 1500
Fort Worth, Texas 76102

Zorro Partners
616 Texas Street
Fort Worth, Texas 76102

Javelina Partners
616 Texas Street
Fort Worth, Texas 76102-4696

Hudson Oil Co. of Texas
616 Texas Street
Fort Worth, Texas 76102

Tandem Energy Corp.
PO Box 1559
Midland, Texas 79702

CASE 14706:

Application of COG Operating, LLC for a non-standard spacing and proration unit, a non-standard location and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order: (1) creating a non-standard spacing unit comprised of the W/2 W/2 of Section 12, Township 17 South, Range 31 East, NMPM, (2) non-standard location for the Puckett "12" Federal Well No. 1H and (3) pooling all mineral interests in the Glorieta-Yeso formation in the non-standard spacing unit which will be the project area for the Puckett "12" Federal Well No. 1H to be drilled from a surface location 75 feet from the South line and 330 feet from the West line and a bottomhole location 330 feet from the North line and 330 feet from the West line of Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 9 miles east of Loco Hills, New Mexico.

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