

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

**APPLICATION OF COG OPERATING LLC
FOR THE CREATION OF A NEW POOL,
SPECIAL POOL RULES AND THE CONTRACTION
OF THE GRAYBURG JACKSON YESO POOL
WITHIN THE DODD FEDERAL UNIT,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14669

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MOTION TO AMEND ORDER NO. R-12256-A

COG Operating, LLC (“Concho”), the applicant in this matter, hereby moves the Division to amend Order No. R-12256-A, entered on January 25, 2012 (“the Order”), to provide that the newly created pool, the Dodd-Glorieta-Upper Yeso Pool, be vertically extended down to the top of the Tubb formation. In support of this motion, Concho states:

1. Concho’s application, and the public notice published prior to the hearings resulting in the issuance of the Order, noted that Concho requested the Division to issue an order creating a new pool within the horizontal limits of the Dodd Unit that extended vertically “from the top of the Glorieta to the top of the Tubb formation.” *See, e.g.*, Attachment A (page 5 of 8 excerpt from Docket No. 28-11).

2. The Order issued by the Division on January 25, 2012, creates a new pool, entitled the Dodd-Glorieta-Upper Yeso Pool (“Pool”), for oil production within the areal extent of the Dodd Federal Unit. However, the Order defines the vertical extent of the new Pool as “the top of the Glorieta formation down to 5000 feet below ground level.” Order at p. 5, ¶ (2).

3. This restriction on the vertical extent of the new Pool appears to be based on Finding (18) in the Order, which mistakenly states that “in the presentation of the hearings,

Concho asked for the new Glorieta-Yeso pool to be limited to the vertical extent of the Dodd Unit.”

4. A review of the transcripts from the June 23 and the September 29, 2011, hearings reflect that Concho’s witness testified on both occasions that - unlike Concho’s request for a new pool within the Burch Keely unit - Concho sought the vertical limits of the new Pool for the Dodd Unit to extend from the top of the Glorieta down to the top of the Tubb formation. *See* Attachments B-1 and B-2 (excerpts from the full transcripts).

5. The transcript from the June 23rd hearing further reflects that while there was significant discussion with ConocoPhillips about a 5,000 foot depth limitation for any new pool in the companion Burch Keely Unit area, no such discussion took place with respect to the Dodd Unit area.

6. The transcripts reflect that neither Concho nor anyone else requested that the vertical limit of the new pool in the Dodd Unit area be limited to 5,000 feet. In addition, no one appeared at either the June 23 or September 29, 2011, hearings in opposition to Concho’s request for the creation of a new pool within the Dodd Unit extending from the top of the Glorieta down to the top of the Tubb formation.

WHEREFORE, Concho respectfully requests that the Division amend Order No. R-12256-A as follows:

A. That the Division strike Finding paragraph (18) on page 4 of the current order, and

B. That the Division modify current Finding paragraph (23) and Ordering paragraph (2) to reflect that the new Pool extends “from the top of the Glorieta formation down to the top of the Tubb formation.”

Respectfully submitted,

HOLLAND & HART, LLP

By: 

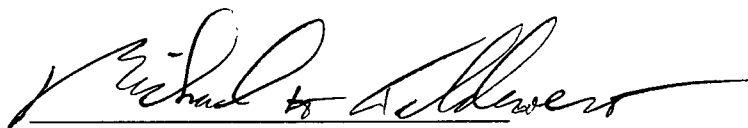
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ATTORNEYS FOR COG OPERATING LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 3rd day of February, 2012 by facsimile transmission.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-6043



Michael H. Feldewert

19. CASE 14698: (Continued from the September 1, 2011 Examiner Hearing.)
Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SE/4 SE/4 of Section 6, Township 19 South, Range 26 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Kansas 6 Fee Well No. 1, to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 6 miles South-Southwest of Atoka, New Mexico.
20. CASE 14669: (Continued from the September 1, 2011 Examiner Hearing.)
Application of COG Operating LLC for the creation of a new pools special pool rules and the contraction of certain Grayburg Jackson pools within the Dodd Federal Unit, Eddy County, New Mexico. Applicant seeks an order establishing a new pool within the Dodd Federal Unit that extends from the top of the Glorieta to the top of the Tubb formation. Within the new Yeso pool, Concho seeks special rules allowing for a depth bracket allowable of 300 barrels of oil per day and no limiting gas:oil ratio. Concho also seeks the contraction of the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres and the Grayburg Jackson Yeso within the Dodd Federal unit to extend from the top of the Seven Rivers formation to the top of the Glorieta formation. The pools are located approximately 12 miles East of Artesia, New Mexico and 17 miles west of Lovington, New Mexico.
21. CASE 14670: (Continued from the September 1, 2011 Examiner Hearing.)
Application of COG Operating LLC for the creation of a new pool, special pool rules and the contraction of the Grayburg Jackson pool within the Burch Keely Unit, Eddy County, New Mexico. Applicant seeks an order establishing a new pool within the Burch Keely Units that extends from the top of the Glorieta formation to a depth of 5,000 feet from the surface. Within the new Yeso pool, Concho seeks special rules allowing for a depth bracket allowable of 300 barrels of oil per day and no limiting gas:oil ratio. Concho also seeks the contraction of the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres Pool within the Burch Keely unit to vertically extend from the top of the Seven Rivers formation to the top of the Glorieta formation. The pools are located approximately 12 miles East of Artesia, New Mexico and 17 miles West of Lovington, New Mexico.
22. CASE 14730: (Continued from the September 15, 2011 Examiner Hearing.)
Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Cimarex Energy Co. seeks an order approving a 160.00-acre non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprising the S/2 N/2 of Section 3, Township 15 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Abo/Wolfcamp formation underlying the SE/4 NE/4 of Section 3 to form a standard 40.00 acre oil spacing and proration unit, and (ii) in the Abo/Wolfcamp formation underlying the S/2 N/2 of Section 3 to form a non-standard 160.00 acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Boxer 3 Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location in the SE/4 NE/4, with a terminus in the SW/4 NW/4, of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 17-1/2 miles north-northeast of Loco Hills, New Mexico.
23. CASE 14729: (Continued from the September 15, 2011 Examiner Hearing.)
Application of Nadel and Gussman Heyco, L.L.C. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the N/2 N/2 of Section 20, Township 18 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Glorieta-Yeso formation in the NE/4 NE/4 of Section 20, and (ii) the Glorieta-Yeso formation underlying the non-standard spacing and proration unit (project area), for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Wabash 20 Fed. Com. Well No. 1, a horizontal well with a surface location in the NE/4 NE/4, and a terminus in the NW/4 NW/4, of Section 20. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 2 miles south of Atoka, New Mexico.

ATTACHMENT

A

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

COPY

Case No.: 14669

APPLICATION OF COG OPERATING LLC FOR THE CREATION OF A
NEW POOL, SPECIAL POOL RULES AND THE CONTRACTION OF
CERTAIN GRAYBURG JACKSON POOLS WITHIN THE DODD FEDERAL
UNIT, EDDY COUNTY NEW MEXICO,

AND

Case No.: 14670

APPLICATION OF COG OPERATING LLC FOR THE CREATION OF A
NEW POOL, SPECIAL POOL RULES AND THE CONTRACTION OF THE
GRAYBURG JACKSON POOL WITHIN THE BURCH KEELY UNIT, EDDY
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Legal Examiner
WILLIAM JONES, Technical Examiner

DATE: June 23, 2011
Santa Fe, New Mexico

This matter came on for hearing before the New
Mexico Oil Conservation Division, DAVID K. BROOKS,
Legal Examiner, and WILLIAM JONES, technical Examiner,
on Thursday, June 23, 2011, at the New Mexico Energy,
Minerals and Natural Resources Department, 1220 South
St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Irene Delgado
Paul Baca Professional Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87103

PAUL BACA PROFESSIONAL COURT REPORTERS

ATTACHMENT

B-1

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1 WITNESS: I was in Denver.

2 EXAMINER JONES: What years?

3 WITNESS: Fifteen years, and then here in
4 Midland for a year and a half. From 84, when they
5 bought Getty, until 97.

6 EXAMINER JONES: You were in Denver in 90
7 through 97?

8 WITNESS: Yes.

9 EXAMINER JONES: What group did you work
10 with? Different groups, probably?

11 WITNESS: Mostly just the Rockies. When I
12 was in Denver, mostly the Rockies.

13 EXAMINER JONES: Ed Burrow. Did you know Ed
14 Burrow?

15 WITNESS: Yes, I do. Bill Angster.

16 EXAMINER JONES: Yeah, Bill. Well, he is so
17 qualified as an expert landman.

18 MS. MUNDS-DRY: Thank you.

19 Q. Mr. Dirks, would you briefly summarize for
20 the Examiners what Concho seeks in this application?

21 A. Yes.

22 Q. Let's start with Case 14669, which I
23 believe is for the Burch Keely.

24 A. Burch Keely. For the Burch Keely Unit
25 we're applying to contract the vertical limit of the

1 Grayburg Jackson Pool to the top of the Glorieta
2 Formation, and then create a new pool from the top of
3 the Glorieta to 5,000 feet.

4 Q. I'm sorry, that's for Case 14670. I got
5 them backwards. So if you could, explain for the
6 Examiners Case 14669 for the Dodd.

7 A. For the Dodd Unit, we are applying to
8 contract the Grayburg Jackson Yeso Pool to the top of
9 the Glorieta and create a new pool from the top of the
10 Glorieta to the top of the Tubb.

11 Q. And, Mr. Dirks, I believe also part of our
12 application is to increase the allowable.

13 A. That's correct. That's part of our
14 application, but we are not discussing that today, I
15 believe.

16 Q. We discussed that procedural divide with
17 the Examiner and with Mr. Campbell, and you understand
18 we are going to talk about those issues another day?

19 A. Another day, yes.

20 Q. Okay. If you could turn to what's been
21 marked as Concho's Exhibit Number 1, please, and review
22 for the Examiner.

23 A. Exhibit Number 1 is a portion of the Shelf
24 centered on the Dodd and Burch Keely Unit, and this map
25 covers the Township 17 South from 27 to 33 East in Eddy

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

COPY

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASES NO. 14669
14670

APPLICATIONS OF COG OPERATING LLC FOR THE CREATION OF A NEW
POOL, SPECIAL POOL RULES AND THE CONTRACTION OF THE Grayburg
JACKSON POOL WITHIN THE BURCH KEELY UNIT, EDDY COUNTY, NEW
MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

September 29, 2011
Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, Technical Examiner
DAVID K. BROOKS, Legal Examiner

This matter came on for hearing before the New
Mexico Oil Conservation Division, WILLIAM V. JONES, Technical
Examiner, and DAVID K. BROOKS, Legal Examiner, on September
29, 2011, at the New Mexico Energy, Minerals and Natural
Resources Department, 1220 South St. Francis, Drive, Room
102, Santa Fe, New Mexico.

REPORTED BY: Irene Delgado, NM CCR 253
Paul Baca Professional Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

PAUL BACA PROFESSIONAL COURT REPORTERS

ATTACHMENT

B-2

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1 A. Yes, they were.

2 Q. And are you familiar with the applications that have
3 been filed by Concho?

4 A. I am.

5 Q. Are you familiar with the status of the land that is
6 the subject of the application?

7 A. I am.

8 MS. MUNDS-DRY: With that, Mr. Jones, we tender Mr.
9 Gaynor as an expert petroleum landman.

10 EXAMINER JONES: He is so qualified.

11 Q. Mr. Gaynor, just because it's been a while since we
12 heard the first part of the case, would you remind the
13 Examiners what Concho is seeking in its two applications.

14 A. Yes. Basically there is a very big Grayburg Jackson
15 Pool called the Grayburg Jackson Seven Rivers Queen Grayburg
16 San Andres Pool, and that just covers from the top of the
17 Seven Rivers to the base of the San Andres, and it's a huge
18 area. And in our previous case, both the Dodd and Burch
19 Keely Units were removed from our other application because
20 they have special vertical limits within the larger Grayburg
21 Jackson Pool, and we were not able to just change the
22 allowable within those special vertical limit areas.

23 So what we are trying to do in this case is remove
24 those special vertical limit areas from the larger Grayburg
25 Jackson Pool and create two new pools, and within those two

1 new pools we are asking for an allowable of 300 barrels per
2 day and no GOR limitation.

3 Q. And more specifically, in the Burch Keely unit, what
4 are the vertical limits that we are requesting for the new
5 pool?

6 A. The Burch Keely unit, the new pool would be from the
7 top of the Glorieta down to 5000 feet.

8 Q. And for the Dodd Unit, what are we requesting for
9 vertical limits of that pool?

10 A. From the top of the Glorieta down to the base of the
11 Yeso, which we have defined in our application as the top of
12 the tub.

13 Q. Okay. Let's turn to what's been marked as Concho
14 Exhibit Number 1A, which we presented an earlier version of
15 this in the first hearing. Mr. Gaynor, if you could -- it's
16 also up on the powerpoint -- could you explain to the
17 examiners what we are showing here and what we have changed?

18 A. Yes. This exhibit really shows the boundaries of
19 all of the Glorieta Yeso Pools that were subject to our
20 initial application. It's changed because the boundaries
21 that are the pools that are now gray were subject to the
22 previous order -- I think that's R-13382-E -- which increased
23 the allowable already in those pools to 300 barrels per day.
24 And another change is the Loco Hills Cedar Lake Fren East
25 Fren Pools name has been changed. They have been