

October 11, 2011

HAND-DELIVERY

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

Case 14759

RECEIVED OGD
2011 OCT 11 P 3:25

**Re: Application of COG Operating LLC to Increase Well Density in the
Burch Keely Federal Unit, Eddy County, New Mexico.**

Dear Ms. Bailey:

Enclosed in triplicate is the Application of COG Operating LLC in the above-referenced case as well as a copy of the legal advertisement. Concho requests that this matter be placed on the Hearing Examiner Docket scheduled for November 10, 2011.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: David Evans

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

**APPLICATION OF COG OPERATING LLC TO INCREASE WELL DENSITY IN THE
BURCH KEELY FEDERAL UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. 14759

APPLICATION

COG Operating LLC ("Concho"), through its undersigned attorneys, hereby makes application pursuant to Division Rule 19.15.15.11(C) for an order providing for an exception to the oil well density limits within the horizontal limits of the Burch Keely Unit, Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres Pool (or the proposed Burch Keely Glorieta-Yeso Pool), Eddy County, New Mexico and in support thereof, states as follows:

1. Concho is the designated operator of the Burch Keely Unit which consists of the following acreage:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 12:	SE/4 SE/4
Section 13:	All
Section 23 through 26:	All

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Sections 18 and 19:	All
Section 30:	All

2. The Grayburg Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool was created by Division Order No. 850, dated January 1, 1950 and currently covers the following lands:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM

Section 31: S/2 S/2
Section 32: W/2
Section 33: S/2, NE/4

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 24: E/2
Section 25: NE/4
Section 35: All
Section 36: N/2, SW/4, W/2, SE/4 SE/4

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM

Section 19: W/2
Section 30: NE/4
Section 31: N/2

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 1: E/2

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 3: SW/4NW/4
Sections 4 & 5: All
Section 6: SE/4
Section 7: E/2
Section 8: All
Section 9: N/2, SW/4, NE/4 SE/4
Section 12: SE/4 SE/4
Section 13: All
Section 15: NW/4, E/2 SW/4
Section 17: E/2
Section 19: SE/4
Sections 20, 23-26: All
Section 27: N/2, SE/4, E/2 SW/4
Section 29: All
Section 31: S/2 SE/4

Section 32: All
 Section 33: N/2, SE/4, N/2 SW/4
 Section 34: All
 Section 35: N/2, SE/4, N/2 & SE/4 W/4
 Section 36: NW/4, N/2, SW/4 NE/4

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 7: SE/4
 Section 8: S/2 SW/4, E/2
 Section 9: S/2
 Section 10: S/2
 Section 11: W/2, W/2 E/2, E/2 SE/4
 Section 12: NE/4
 Sections 13 -28: All
 Section 29: N/2
 Sections 30, 33-36: All

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Sections 1-11: All
 Sections 14 -23: All
 Section 26: N/2, N/2 S/2
 Section 27: N/2
 Sections 28-30: All
 Section 31: N/2
 Section 32: N/2 N/2

3. In Order No. R-10067-D, dated September 22, 2011, the Commission vertically extended the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool to correspond with the Unitized Formation of the Burch Keely Unit which is from the top of the Seven Rivers formation to a depth of 5,000 feet below the surface.

4. In Case No. 14670, Concho applied to contract the Grayburg Jackson Pool within the Burch Keely Federal Unit to vertically extend from the top of the Seven Rivers to the top of the Glorieta formation. Concho has also requested the creation of a new pool which would

extend from the top of the Glorieta formation to a depth of 5000 feet (proposed to be named the Burch Keely Glorieta-Yeso Pool). That matter was heard on September 29, 2011 and is under advisement with the Division.

5. The Grayburg Jackson Pool is governed by Division Rule 19.15.15.9 NMAC which provides that a 40-acre spacing unit may contain up to four oil wells.

6. Concho requests an exception to the Division well density rule to increase well density to allow up to 4 wells completed in the Paddock member and 4 wells in the Blinebry member of the Glorieta-Yeso formation.

7. Concho believes this spacing is necessary for incremental recovery.

8. Exhibit A to this application is a list of affected person as defined by Division Rules. Concho has given notice to the listed parties in accordance with Division Rules.

9. Approval of this application will result in the production of hydrocarbons which otherwise will not be produced and will be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, COG Operating LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 10, 2011, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry
Ocean Munds-Dry
Post Office Box 2208

Santa Fe, New Mexico 87504
(505) 988-4421 Telephone
(505) 983-6043 Facsimile

ATTORNEYS FOR COG OPERATING LLC

EXHIBIT A
COG OPERATING LLC'S NOTICE LIST

BURNETT OIL CO INC
Attn: David Rhodes, Land Manager
801 CHERRY ST STE 1500, Unit #9
FT WORTH, TX 76102

MACK ENERGY CORP
Attn: Travis Lanning
PO Box 960 11352 Lovington Hwy
Artesia, NM 88211

THREE RIVERS OPERATING COMPANY LLC
Attn: Tim Kane, Land Manager
1122 S. Capital of Texas Hwy Suite 325
Austin, TX 78746

CASE NO. 14759 Application of COG Operating LLC To Increase Well Density in the Burch Keely Federal Unit, Eddy County, New Mexico. Applicant seeks an order for an exception to the oil well density limits within the horizontal limits of the Burch Keely Federal Unit, Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres (or the proposed Burch Keely Glorieta Yeso Pool). Specifically, Concho seeks authorization for up to 4 wells completed in the Paddock member of the Yeso formation and 4 wells in the Blinbry member of the Yeso formation. The pools are located approximately 12 miles east of Artesia, New Mexico and 17 miles west of Lovington, New Mexico.