



November 15, 2011

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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

**Re: Amended 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 Amended 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 December 15, 2011.

Sincerely,

Adam G. Rankin

Enclosures

cc: David Evans

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

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AMENDED APPLICATION OF COG OPERATING LLC TO INCREASE WELL DENSITY AND FOR PRE-APPROVAL OF NON-STANDARD LOCATIONS IN THE BURCH KEELY FEDERAL UNIT, EDDY COUNTY, NEW MEXICO.

CASE NO. 14759

AMENDED APPLICATION

COG Operating LLC ("Concho"), through its undersigned attorneys, hereby makes application for an order providing for an exception to the oil well density limits and allowing non-standard locations 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 the well density limit to 7 wells in a 40-acre spacing unit in the Paddock member and 4 wells in a 40-acre spacing unit in the Blinebry member of the Glorieta-Yeso formation within the Burch Keely Unit.

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

8. Additionally, Concho seeks an order from the Division that authorizes wells to be drilled at non-standard locations throughout the Unit, exempting the wells from internal setbacks, but providing that any such unorthodox well location is no closer than the required minimum orthodox distance (330 feet) from the outer boundary of the Unit. Non-standard locations will be necessary within the Unit in some instances to prevent waste and protect correlative rights.

8. Exhibit A to this application is a list of affected persons 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 amended application be set for hearing before an Examiner of the Oil Conservation Division on December 15, 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:  _____

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ATTORNEYS FOR COG OPERATING LLC

CASE NO. 14759: (~~Reopened~~ and Readvertised) Amended Application of COG Operating LLC To Increase Well Density and Pre-Approval of Non-Standard Locations in the Burch Keely Federal Unit, Eddy County, New Mexico. Applicant seeks an order for an exception to the oil well density limits and pre-approval for non-standard locations 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 to increase the well density limit to 7 wells in a 40-acre spacing unit in the Paddock member and 4 wells in a 40-acre spacing unit in the Blinbry member of the Glorieta-Yeso formation within the Burch Keely Unit. The pools are located approximately 12 miles east of Artesia, New Mexico and 17 miles west of Lovington, New Mexico.