



March 28, 2012

RECEIVED OCD

2012 APR -2 A 11:39

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: **Hearing Notice - April 26, 2012**
Burkett State # 15H & 16H
COG Operating LLC ("COG"), as Operator
Section 16, T17S-R31E
Unit D -NWNW or other legal location
Eddy County, New Mexico

Case 14815

Gentlemen:

Pursuant to parts 1 and 4 of rule 19.15.16.15.E from the New Mexico Oil and Gas Commission, a copy of the C-102 for the proposed project area must be furnished by the operator to the New Mexico State Land Office. Hearing has been set for Designation of a Non-Standard Oil Spacing and Proration Unit, Non Standard Project Area, and for Compulsory Pooling on April 26, 2012. Please find enclosed a copy of the C-102 form as required by the OCD and a courtesy copy of the application.

Should you require additional information or have any questions, please do not hesitate to contact the undersigned at (432) 221-0333.

Sincerely,

COG Operating LLC

Katayoun "Katie" Mohebkhosravi
Landman
KMohebkhosravi@concho.com



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL

Office: (505) 986-2646

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

March 23, 2012

Ms. Jami Bailey, Director
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

Hand-Delivered

Re: NMOCD Case No. _____: Application of COG Operating LLC for Designation of a Non-Standard Oil Spacing And Proration Unit, Non-Standard Project Area and for Compulsory Pooling, Eddy County, New Mexico

Dear Ms. Bailey:

On behalf of COG Operating LLC, enclosed is an original and one copy of and Application in the above-referenced case. Please set this matter for hearing on the April 26, 2012 examiner docket. Also enclosed is a proposed advertisement for the case.

Very truly yours,

J. Scott Hall

JSH:kw
Enclosures

360245

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289
Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929
Post Office Box 36210
Albuquerque, New Mexico 87176-6210

Case No. _____; Application of COG Operating LLC for designation of a non-standard oil spacing and proration unit, non-standard project area and for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order consolidating the 40-acre spacing units within the NW/4 NE/4 and N/2 NW/4 of Section 16, Township 17 South Range 31 East, NMPM and designating the consolidated units as a 120-acre± non-standard oil spacing and proration unit for two wells in the Yeso formation, Mar Loco Glorieta-Yeso pool (97866) for Applicant's non-standard horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Yeso formation underlying the referenced lands to be dedicated to its Burkett 16 State No. 15H Well to be drilled horizontally from a surface location 330' from the North line and 1470' from the East line (Unit B) to a bottom hole location 330' from the North line and 330' from the West line (Unit D), and to its Burkett 16 State No. 16H Well to be drilled horizontally from a standard surface location 990' from the North line and 1470' from the East line (Unit B) to a bottom hole location 990' from the North line and 330' from the West line (Unit D) in Section 16. The completed intervals of both wells will be located within the producing area of the proposed project area. 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 and a charge for risk involved in drilling the wells. The proposed wells and lands are located approximately 6 miles northeast of Loco Hills, New Mexico.

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

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

CASE NO. _____

APPLICATION

COG OPERATING LLC, by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rules 19.15.16.14 and 19.15.16.15 NMAC of the Division's Rules and regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the NW/4 NE/4 and N/2 NW/4 of Section 16, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico and designating the consolidated units as a 120-acre \pm non-standard oil spacing and proration unit in the Yeso formation, Mar Loco Glorieta-Yeso Pool (97866) for Applicant's non-standard horizontal drilling project area; and

B. Pooling all interests in the Yeso formation underlying the NW/4 NE/4 and N/2 NW/4 of Section 16.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 16, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Burkett 16 State No. 15H Well to be drilled horizontally from a surface location 330' from the North line and 1470' from the East line (Unit B) to a bottom hole location 330' from the North line and

330' from the West line (Unit D), and to its Burkett 16 State No. 16H Well to be drilled horizontally from a standard surface location 990' from the North line and 1470' from the East line (Unit B) to a bottom hole location 990' from the North line and 330' from the West line (Unit D) to a depth sufficient to test the Yeso formation underlying the proposed project area in Section 16. The Completed Intervals of both wells will be located within the Producing Area of the proposed Project Area.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-reference formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and the Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard spacing and proration unit and non-standard project area will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed hearing examiner of the Oil Conservation Division on April 26, 2012 and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit, the non-standard project area and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the wells, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and

imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the wells, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall

J. Scott Hall
Seth C. McMillan

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 – Telephone

(505) 982-4289 – Fax

shall@montand.com

smcmillan@montand.com

Attorneys for COG Operating LLC

359111-4

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name BURKETT 16 STATE	
OGRID No.	Operator Name COG OPERATING, LLC	
		Well Number 15
		Elevation 3856'

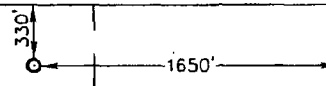
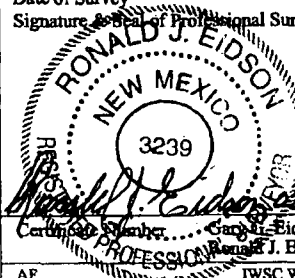
Surface Location

UL or lot No. B	Section 16	Township 17-S	Range 31-E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 1650	East/West line EAST	County EDDY
---------------------------	----------------------	-------------------------	----------------------	---------	-----------------------------	----------------------------------	------------------------------	-------------------------------	-----------------------

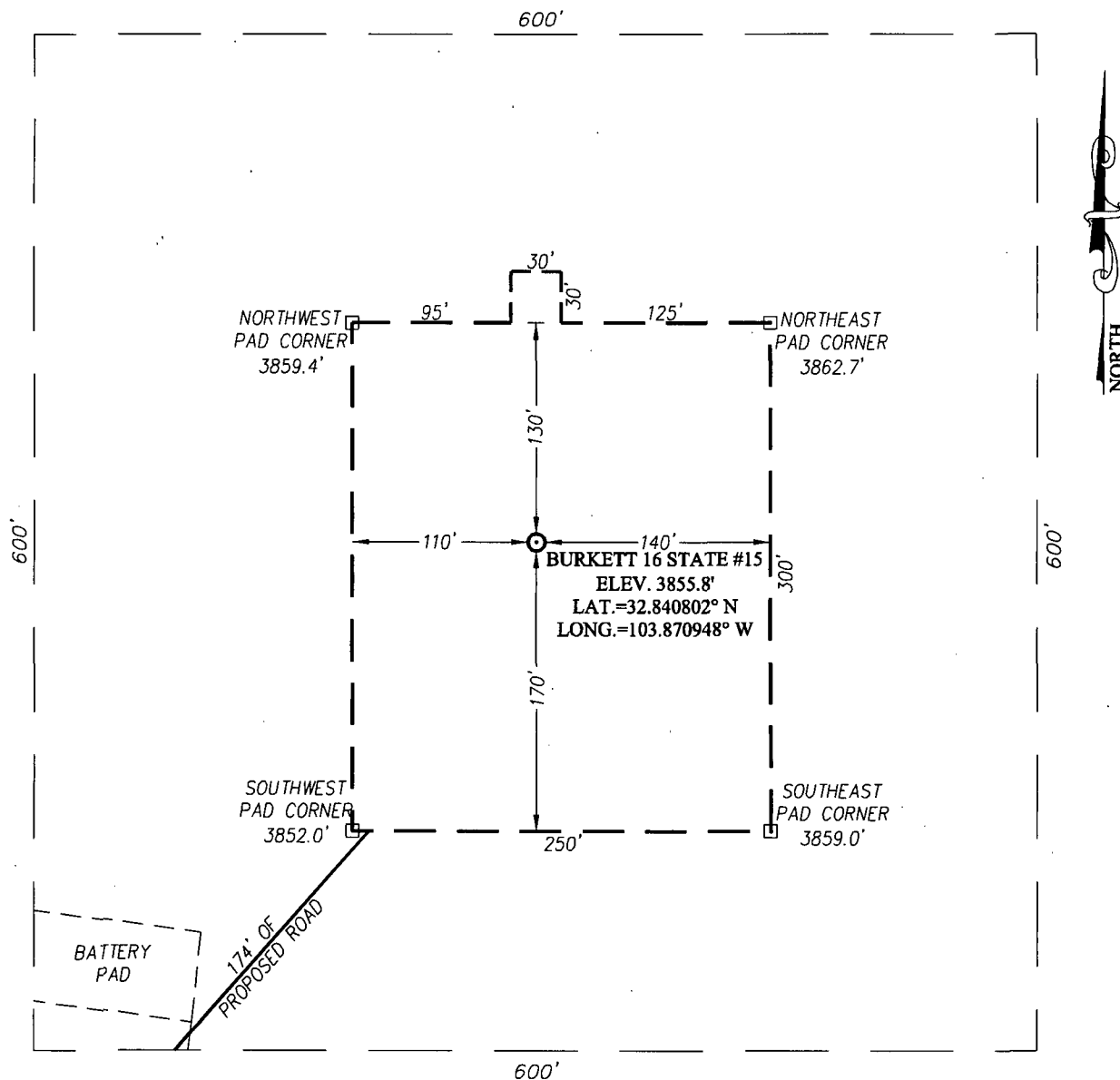
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill	Consolidation Code		Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

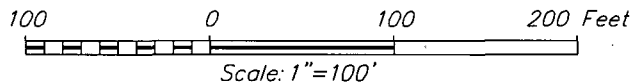
<div style="text-align: center;">  <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=669905.7 N X=642014.3 E</p> <p>LAT.=32.840802° N LONG.=103.870948° W</p> </div>	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p style="text-align: center;">JANUARY 16, 2012</p> <p>Date of Survey _____ Signature of Professional Surveyor: _____</p> <div style="text-align: center;">  </div> <p style="text-align: right;">Certified by: Ronald J. Eidson 12641 Professional: Ronald J. Eidson 3239</p> <p style="text-align: right;">AF JWSC W.O.: 11.11.2743</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

SECTION 16, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



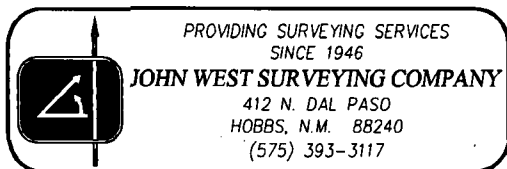
DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 (LOVINGTON HWY.) AND CO. RD. #223 (SWEET GUM), FOLLOW CO. RD. #223 NORTH APPROX. 1.3 MILES, TURN RIGHT AND GO EAST APPROX. 0.1 MILES, TURN LEFT AND GO NORTH APPROX. 0.1 MILES TO Y. TURN RIGHT AND GO NORTHEAST APPROX. 0.1 MILES TO INTERSECTION. TURN LEFT AND GO NORTHWEST APPROX. 0.3 MILES TO THE EXISTING WELL AND BATTERY PAD. THE LOCATION STAKE IS NORTHEAST APPROX. 375 FEET.



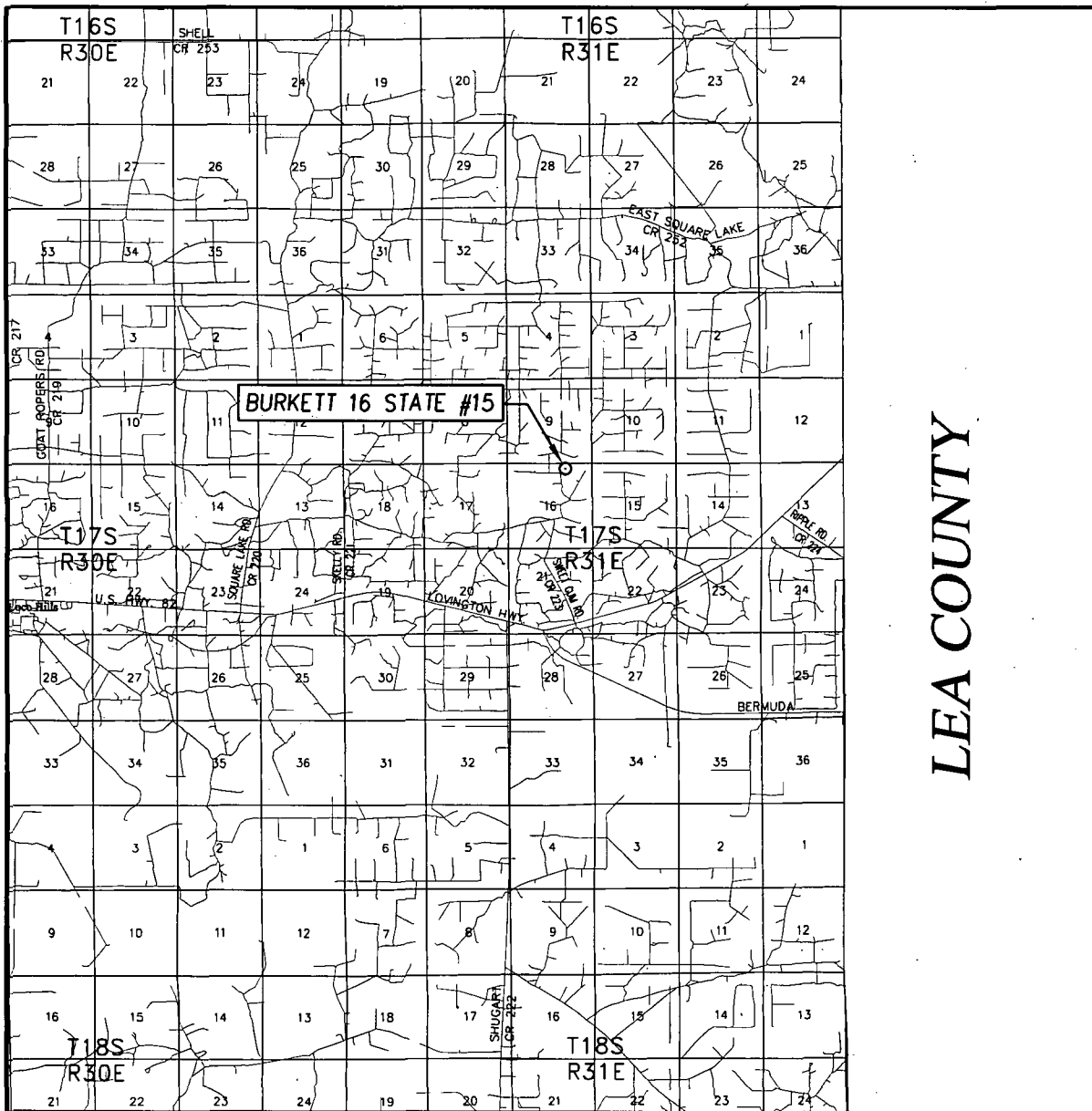
COG OPERATING, LLC

BURKETT 16 STATE #15 WELL
LOCATED 330 FEET FROM THE NORTH LINE
AND 1650 FEET FROM THE EAST LINE OF SECTION 16,
TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO




Survey Date: 1/16/12	Sheet 1 of 1 Sheets
W.O. Number: 11.11.2743	Dr. By: AF Rev 1:
Date: 2/2/12	Rel. W.O.: 11112743 Scale: 1"=100'

VICINITY MAP



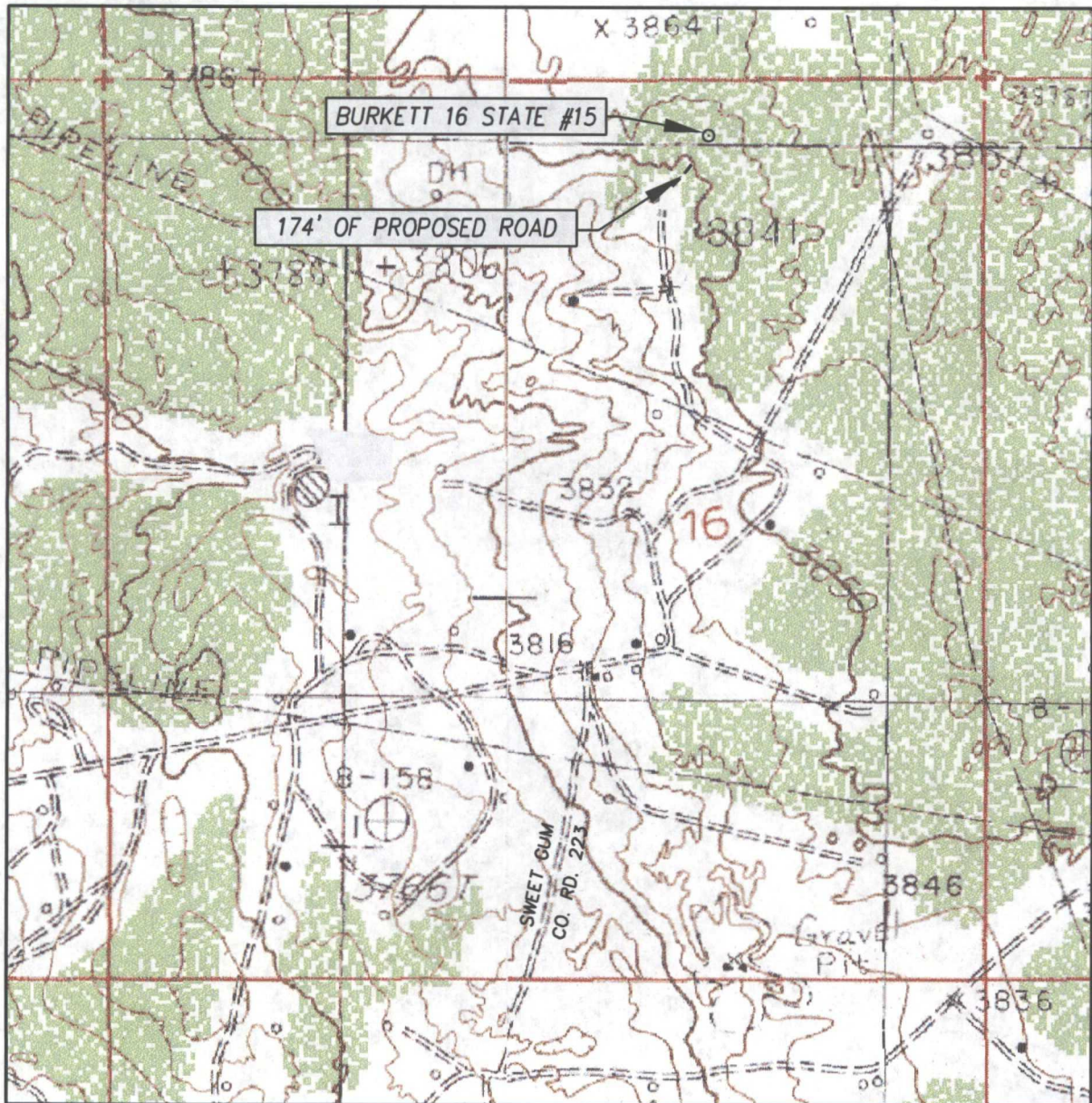
SCALE: 1" = 2 MILES

SEC. 16 TWP. 17-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 330' FNL' & 1650' FEL
 ELEVATION 3856'
 OPERATOR COG OPERATING, LLC
 LEASE BURKETT 16 STATE



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 1000'

SEC. 16 TWP. 17-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 330' FNL & 1650' FEL

ELEVATION 3856'

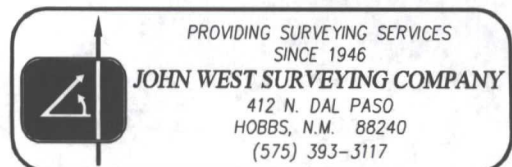
OPERATOR COG OPERATING, LLC

LEASE BURKETT 16 STATE

U.S.G.S. TOPOGRAPHIC MAP

MALJAMAR, N.M.

CONTOUR INTERVAL:
MALJAMAR, N.M. - 10'
LOCO HILLS, N.M. - 10'



DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name BURKETT 16 STATE	Well Number 16
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3849'

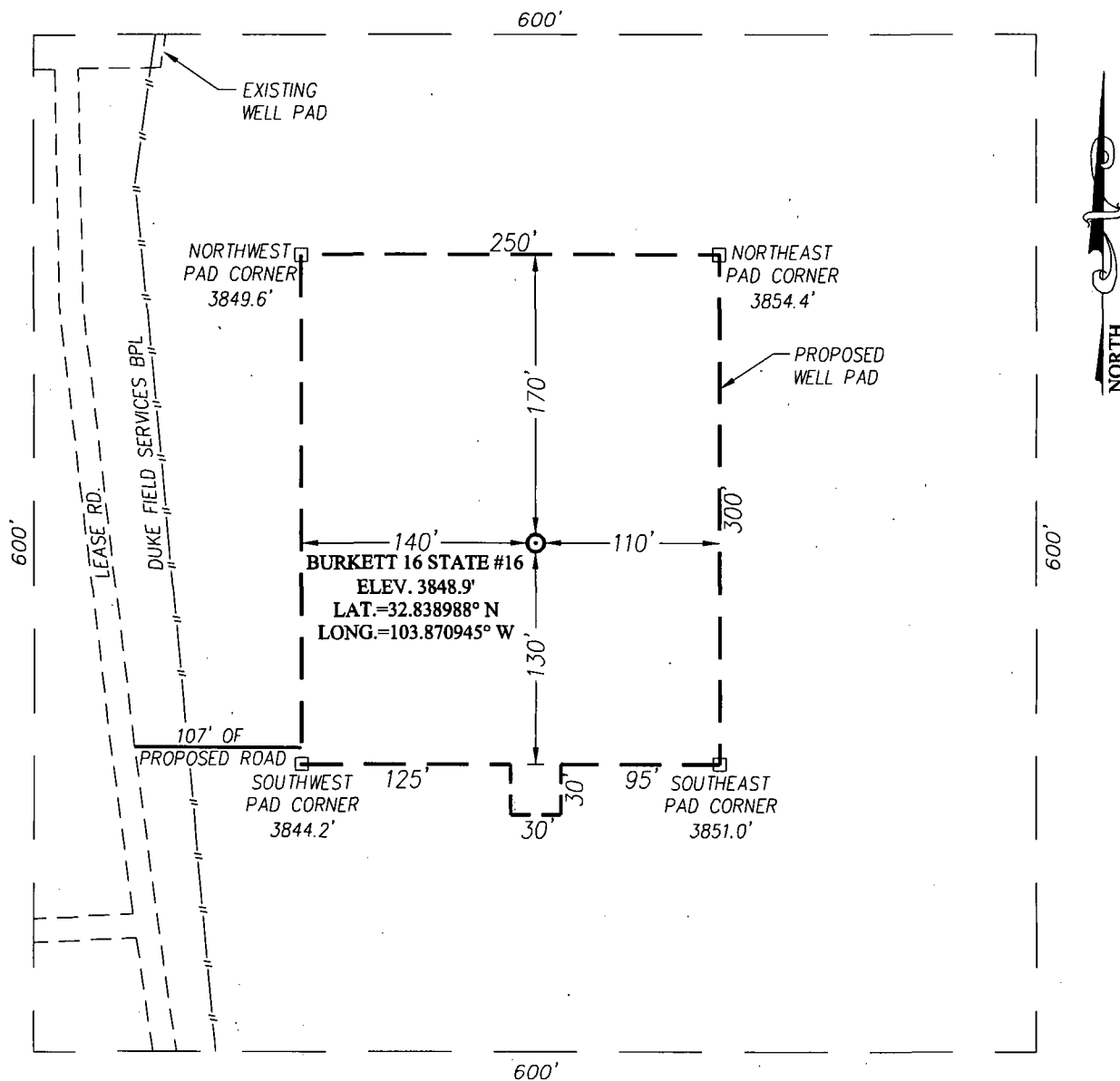
Surface Location									
UL or lot No. B	Section 16	Township 17-S	Range 31-E	Lot Idn	Feet from the 990	North/South line NORTH	Feet from the 1650	East/West line EAST	County EDDY

Bottom Hole Location If Different From Surface									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

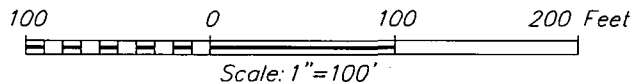
<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=669245.9 N X=642018.1 E LAT.=32.838988° N LONG.=103.870945° W</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased (miners) interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>JANUARY 16, 2012</p> <p>Date of Survey _____</p> <p>Signature & Seal of Professional Surveyor: </p> <p>Certificate Number: 3239 Surveyor: Ronald J. Eidson License Number: 12641 AF JWSC W.O.: 11.11.2744</p>

SECTION 16, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
 EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. 82
 (LOVINGTON HWY.) AND CO. RD. #223 (SWEET GUM).
 FOLLOW CO. RD. #223 NORTH APPROX. 1.3 MILES.
 TURN RIGHT AND GO EAST APPROX. 0.1 MILES. TURN
 LEFT AND GO NORTH APPROX. 0.1 MILES TO Y. TURN
 RIGHT AND GO NORTHEAST APPROX. 0.1 MILES TO
 INTERSECTION. TURN LEFT AND GO NORTHWEST
 APPROX. 0.2 MILES TO ROAD SURVEY. FOLLOW ROAD
 SURVEY NORTHEAST APPROX. 275 FEET TO THIS
 LOCATION.



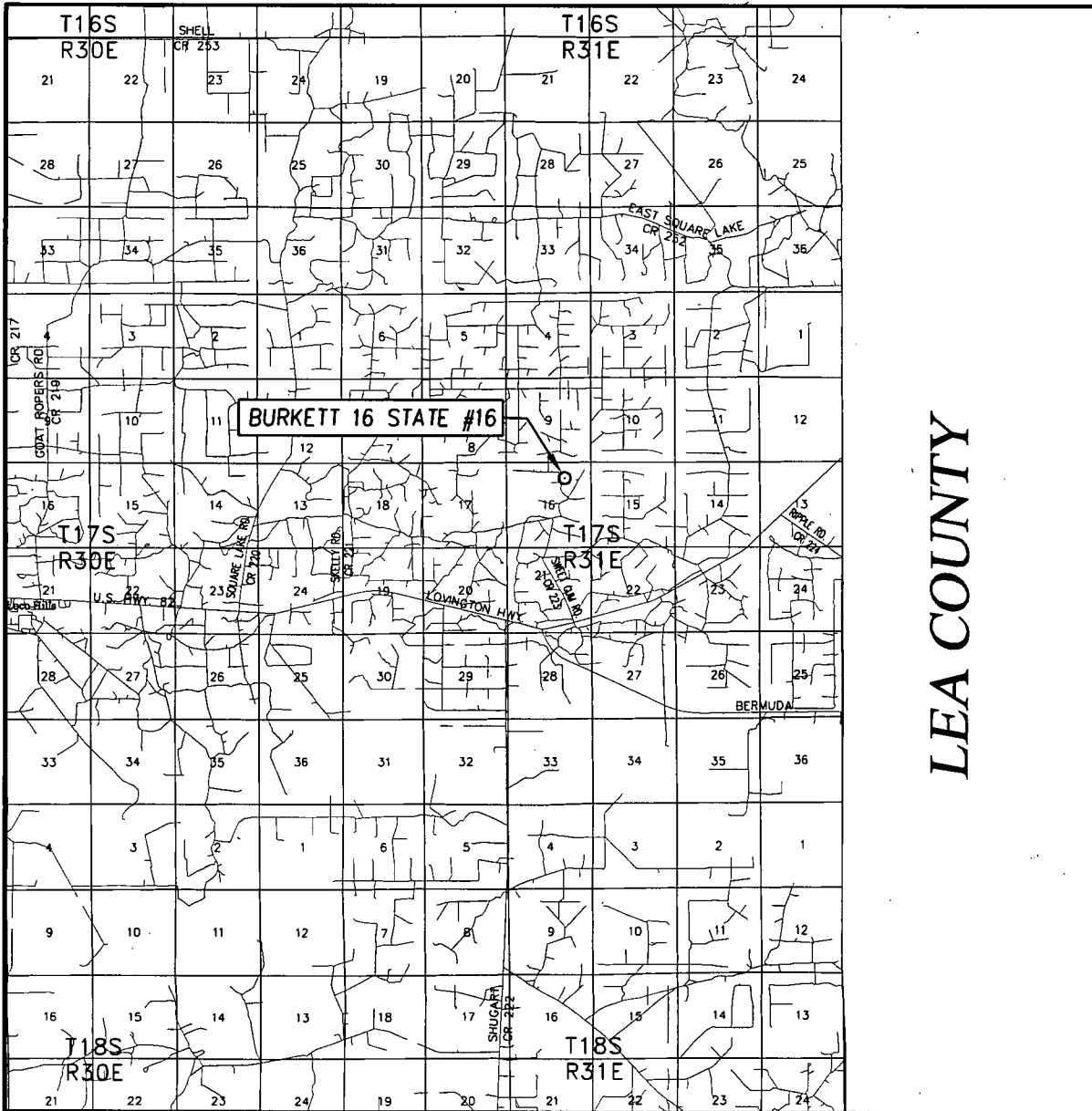
COG OPERATING, LLC

BURKETT 16 STATE #16 WELL
 LOCATED 990 FEET FROM THE NORTH LINE
 AND 1650 FEET FROM THE EAST LINE OF SECTION 16,
 TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117

Survey Date: 1/16/12	Sheet 1 of 1 Sheets
W.O. Number: 11.11.2744	Dr. By: AF
Date: 2/2/12	Rel. W.O.: 11112744
	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 16 TWP. 17-S RGE. 31-E

SURVEY N.M.P.M.

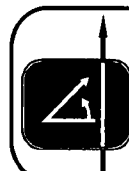
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 990' FNL & 1650' FEL

ELEVATION 3849'

OPERATOR COG OPERATING, LLC

LEASE BURKETT 16 STATE



PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 1000'

CONTOUR INTERVAL:
MALJAMAR, N.M. - 10'
LOCO HILLS, N.M. - 10'

SEC. 16 TWP. 17-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 990' FNL & 1650' FEL


ELEVATION 3849'

OPERATOR COG OPERATING, LLC

LEASE BURKETT 16 STATE

U.S.G.S. TOPOGRAPHIC MAP

MALJAMAR, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117