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November 13, 2012

**HAND-DELIVERY**

*Case 14939*

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

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

Enclosed in triplicate is the Application of COG Operating LLC in the above-referenced case as well as a copy of the legal advertisement. COG requests that this matter be placed on the Hearing Examiner Docket scheduled for December 13, 2012.

Sincerely,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

cc: Aaron Young (w/enclosures, via email)  
Bob Heller (w/enclosures, via email)

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

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**APPLICATION OF COG OPERATING LLC FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 14939

**APPLICATION**

COG Operating LLC ("Concho"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Upper Pennsylvanian formation comprised of the N/2 N/2 of Section 36, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Upper Pennsylvanian formation underlying this proposed non-standard spacing and proration unit. In support of this application, Concho states as follows:

1. Concho is an interest owner in the subject lands and has the right to drill a well thereon.
2. Concho seeks to dedicate the N/2 N/2 of said Section 36 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").
3. Concho proposes to drill the Chicken Dinner 36 State Com Well No. 1H to a depth sufficient to test the Upper Pennsylvanian formation from a surface location 660 feet from the North line and 180 feet from the East line (Unit A) to a bottomhole location

760 feet from the North line and 660 feet from the West line of said Section 36 (Unit D). The completed interval for this well will be within the 330-foot standard offset required by the rules.

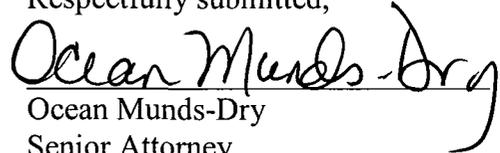
4. Concho has sought but has been unable to obtain a voluntary agreement from all mineral interest owners in the Upper Pennsylvanian formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.
5. Approval of the non-standard unit and the pooling of all mineral interests in the Upper Pennsylvanian formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.
6. Notice of this application has been given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, COG Operating LLC requests this application be set for hearing before an Examiner of the Oil Conservation Division on December 13, 2012, and after notice and hearing as required by law, the Division enter its order:

- A. Creating a non-standard oil spacing and proration unit (“project area”) in the Upper Pennsylvanian formation comprised of the N/2 N/2 of Section 36, Township 18 South, Range 31 E, NMPM, Eddy County, New Mexico;
- B. Pooling all mineral interests in the Upper Pennsylvanian formation underlying this non-standard spacing and proration unit/project area;
- C. Designating Concho as operator of this unit and the well to be drilled thereon;

- D. Authorizing Concho to recover its costs of drilling, equipping and completing this well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



Ocean Munds-Dry  
Senior Attorney  
COG Operating LLC  
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Santa Fe, New Mexico 87501  
(505) 780-8000  
(505) 428-0485 Facsimile

**EXHIBIT A**  
**COG OPERATING LLC NOTICE LIST**

Parties to be pooled:

Kenneth and Marie Wade  
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Fredericksburg TX 78624

Offsets:

Margaret Muhlinghouse  
Devon Energy Production Company, L.P.  
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TriTex Resources LLC  
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Addison TX 75001

Americo Oil and Gas Production Co Ltd  
7575 San Felipe, Suite 200  
Houston TX 77063

Mewbourne Oil Co.  
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