

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, LEA COUNTY, NEW MEXICO.

CASE NO. 15091

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 Bone Spring formation, comprised of the E/2 W/2 of Section 13, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Bone Spring 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 E/2 W/2 of said Section 13 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 Deckard Federal Com. No. 2H to a depth sufficient to test the Bone Spring formation. Both the surface location and the bottom-terminus location will be at standard locations. The completed interval for this well will be within the 330-foot standard offset required by the rules.

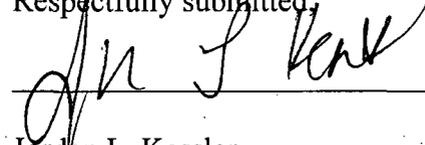
4. Concho has sought but been unable to obtain a voluntary agreement from all mineral interest owners in the Bone Spring formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.
5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring 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 February 20, 2014, 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 Bone Spring formation comprised of the E/2 W/2 of Section 13, Township 24 South, Range 33 E, NMPM, Lea County, New Mexico;
- B. Pooling all mineral interests in the Bone Spring 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,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler", is written over a horizontal line.

Jordan L. Kessler
Post Office Box 2168
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ATTORNEY FOR COG OPERATING LLC

EXHIBIT A
COG OPERATING LLC NOTICE LIST

Parties to be pooled:

Devon Energy Production Company, LP
20 North Broadway, Ste. 1500
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102

Attn: Mr. Clyde Archibeque
Property Asset Management Manager
New Mexico Department of Transportation
1120 Cerrillos Rd.
Santa Fe, New Mexico 87504

Offsets:

Chaparral Energy LLC
701 Cedar Lake Blvd.
Oklahoma City, OK 73114

Devon Energy Prod. Co., LP
20 North Broadway, Ste. 1500
Oklahoma City, OK 73102

EOG Resources Inc.
P.O. Box 4362
Houston, TX 77210

Robert E. Landreth and wife,
Donna P. Landreth
110 W. Louisiana Ave., Ste. 404
Midland, TX 79701-3427

EOG Resources Inc.
P.O. Box 4362
Houston, TX 77210

Mobile Producing Texas & New Mexico, Inc.
c/o XTO Energy, Inc.

P.O. Box 4541
Houston, TX 77210

Mobile Producing Texas & New Mexico, Inc.
c/o XTO Energy, Inc.
810 Houston St.
Ft. Worth, TX 76102

Burlington Resources Oil and Gas Co., LP
717 Texas Avenue, Ste. 2100
Houston, TX 77002

ConocoPhillips
600 North Dairy Ashford Rd.
Houston, TX 77079-1175

EOG Resources Inc.
P.O. Box 4362
Houston, TX 77210

Joel Talley
Tacor Resources
600 N. Marienfeld St., Ste 807
Midland, TX 79701

Cloma Perkins
Notice published

New Mexico Department of Transportation
1120 Cerrillos Rd.
Santa Fe, NM 87504
Attn: Mr. Clyde Archibeque, Property Asset Management Manager

CASE NO. 15091 : Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the E/2 W/2 of Section 13, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Deckard Federal Com. Well No. 2H, to be horizontally drilled from a surface location and to a bottom-terminus in standard locations. The completed interval for this well will be within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 4 miles northwest of Ochoa, New Mexico.

