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February 18, 2014

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**VIA FACSIMILE**

Case 15105

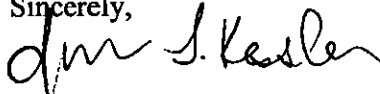
Ms. Jamie Bailey, Director  
Oil Conservation Division  
New Mexico Department of Energy, Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

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

Dear Ms. Bailey:

Enclosed 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 March 20, 2014.

Sincerely,



Jordan L. Kessler

Enclosures

cc: Ocean Munds-Dry/Caleb Hopson

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**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. 15105

**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 240-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the E/2 SE/4 of Section 6 and the E/2 E/2 of Section 7, Township 19 South, Range 35 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 SE/4 of Section 6 and the E/2 E/2 of Section 7 to the proposed well to form a non-standard 240-acre, more or less, oil spacing and proration unit (the "project area").
3. Concho proposes to drill the Airstrip Fee Com. No. 1H to a depth sufficient to test the Bone Spring formation. 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 March 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 SE/4 of Section 6 and the E/2 E/2 of Section 7, Township 19 South, Range 35 East, 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  
Albuquerque, New Mexico 87103  
(505) 848-1800 Phone  
(505) 848-1897 Facsimile

ATTORNEY FOR COG OPERATING LLC

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

**Parties to be pooled:**

Big "6" Drilling Company  
7500 San Felipe, Suite 250  
Houston, Texas 77063

Featherstone Development Corporation  
P.O. Box 429  
Roswell, NM 88202

Prospector LLC  
P.O. Box 429  
Roswell, NM 88202

Big Three Energy Group LLC  
P.O. Box 429  
Roswell, New Mexico 88202

Chevron U.S.A. Inc.  
P.O. Box 4538  
Houston Texas

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Harvard Petroleum Corporation  
200 E. 2<sup>nd</sup> Street  
Roswell, New Mexico 88201-6212

Chester B. Bengé Jr.  
7500 San Felipe, Suite 250  
Houston, Texas 77063

Marguerite B. Griffith  
5416 Sugar Hill Drive  
Houston, Texas 77063

Michael Stone  
7500 San Felipe, Suite 250  
Houston, Texas 77063

Jack Burnett  
983 Cash Road, Kountze, Texas 77625  
7500 San Felipe, Suite 250, Houston, Texas 77063

W.A. Stockard Estate  
2008 Kirby Dr., Suite 510, Houston, Texas 77019  
2001 Kirby Dr. Suite 605, Houston, Texas 77019

W.H. Smith Estate  
c/o Rowena Reynolds  
1311 N. Rusk  
Wharton, Texas 77488

Felix A. Fishman and Henry Schneider, Under a Trust Indenture by Lucy G. Moses, Dated  
12/24/1958  
c/o Deutsche Bank Tr. Co.  
P.O. Box 1297  
New York, New York 10008-1297

Bright Hawk/Burkard Venture  
P.O. Box 79790  
Houston, Texas 77279

AYCO Energy, LLC  
2909 Hillcroft Avenue, Suite 103  
Houston, Texas 77057

James I. Riddle Estate  
c/o Jane A. Lancaster  
901 Main St., Suite 6000, Dallas, Texas 75202  
8920 Chatsworth, Houston, Texas 77024  
4246 Goodfellow, Dallas, Texas 75229

ExxonMobil  
P.O. Box 2024  
Houston, Texas 77252-2024

Offsets:

Mewbourne Oil Company  
500 W. Texas Ave.  
Midland, TX 79701"

Read & Stevens Inc.  
400 N. Pennsylvania Avenue  
Suite 1000  
Roswell, NM 88201"

**CASE NO. 15105 : 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 240-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the E/2 SE/4 of Section 6 and the E/2 E/2 of Section 7, Township 19 South, Range 35 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 Airstrip Fee Com. Well No. 1H. 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 23 miles west of Hobbs, New Mexico.

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