

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, NON-STANDARD LOCATION AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 15184

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) authorizing a non-standard location; (2) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Yeso formation, comprised of the E/2 W/2 of Section 15, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico; and (3) pooling all mineral interests in the Yeso 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 Section 15 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 Pilum 15 Fee Com. No. 2H to a depth sufficient to test the Yeso formation.
4. This project area is located within the Atoka; Glorieta Yeso Pool (pool code 3250). There are no special pool rules for this pool. The surface hole will be at a non-

standard location. The producing interval will be within the 330 feet setback requirements for the project area boundary.

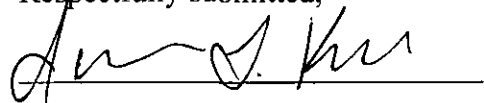
5. Concho has sought but been unable to obtain a voluntary agreement from all interest owners in the Yeso formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.
6. Approval of the non-standard unit and the pooling of all interests in the Yeso formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.
7. 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 August 7, 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 Yeso formation comprised of E/2 W/2 of Section 15, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico;
- B. Authorizing a non-standard location;
- C. Pooling all mineral interests in the Yeso formation underlying this non-standard spacing and proration unit/project area;
- D. Designating Concho as operator of this unit and the well to be drilled thereon;
- E. Authorizing Concho to recover its costs of drilling, equipping and completing this well;

- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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
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Albuquerque, New Mexico 87103
(505) 848-1800 Phone
(505) 848-1897 Facsimile

ATTORNEY FOR COG OPERATING LLC

EXHIBIT A
COG OPERATING LLC NOTICE LIST

Parties to be pooled:

Lime Rock Resources II-A, L.P.
1111 Bagby Street, Suite 4600
Houston, TX 77002

Alice Morgan
2136 Lake Road
Artesia, NM 88210

Heirs or Devisees of Joneva Barry Wood
La Jolla, CA

Kathryn Duffy Braudis
New York, NY

Caroline Duffy Riley
LaJolla, CA

Gail Kathryn Blakey 1991 Trust
2521 South Berry
Norman, OK 73072

James Duffy
Chickasha, OK

Julie Simpson Graham
4632 Perry Court
Columbia, SC 29206

William Craton Simpson
6708 Reynard Drive
Springfield, VA 22150

John Ely Simpson
P.O. Box 8426 - Wright Square Station
Savannah, GA 31402

Mary Simpson Baily, life tenant, Edward E. Bailey, Jr., Trustee, and George S. Bailey, Trustee,
remaindermen
1650 Shady Lane - Lake Katharine
Columbia, SC 29206

Trumbull Oil Properties, LLC
333 Tigertail Road
Los Angeles, CA 90049

Thomas W. Blakey
2521 South Berry
Norman, OK 73072

Caroline E. Blakey
1818 Drakestone Ave.
Oklahoma City, OK 73120

Leola L. Jones
12413 East 32nd Place
Tulsa, OK 74145

Elmira Terry Pope (Welch)
603 W. Church
Roswell, NM 88201

Paula Burgner
1413 Dorothy Street NE
Albuquerque, NM 87112

Susan Lynn Terry
P.O. Box 1331
Artesia, NM 88210

Sandra Leigh Terry
P.O. Box 1331
Artesia, NM 88210

Jimmie Marie Terry c/o Susan Terry
4725 San Pedro Dr. NE, Unit 16
Albuquerque, NM 87109-2655

Offsets:

Lime Rock Resources II-A, L.P.
1111 Bagby Street, Suite 4600
Houston, TX 77002

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202

Yates Energy Corporation
P. O. Box 2323
Roswell, New Mexico 88202-2323 &
919 Security National Bank Building
Roswell, New Mexico 88201

Prime Energy Corporation
2900 Wilcrest Drive, Suite 475
Houston, Texas 77042

Yates Petroleum Corporation
105 South 4th street
Artesia, New Mexico 88210

Explorers Petroleum Corporation
P.O. Box 1933
Roswell, New Mexico 88202

Spiral Inc.
P.O. Box 1933
Roswell, New Mexico 88202

John A. Yates, Individually
105 S. Fourth Street
Artesia, NM 88210

John A. Yates, Trustee of Trust Q u/w/o Peggy A. Yates, deceased
105 S. Fourth Street
Artesia, NM 88210

Los Chicos
105 S. Fourth Street
Artesia, NM 88210
(575) 748-1471

Myco Industries, Inc.
105 S. Fourth Street
Artesia, NM 88210
(575) 748-1471

Oxy Y-1 Company
P. O. Box 4294
Houston, TX 77210-4294
(713) 215-7000

Santo Legado LLLP
P.O. Box 1020
Artesia, NM 88211-1020
(575) 736-3250

Marigold LLLP
P.O. Box 1290
Artesia, NM 88211-1290

Tulipan LLC
P.O. Box 1020
Artesia, NM 88211-1020

Sharbro Oil Ltd. Co.
P.O. Box 840
Artesia, NM 88211-0840

Nadel and Gussman HEYCO, LLC
P.O. Box 1936
Roswell, NM 88202

Jalapeno Corporation
501, Sunwest Centre
Roswell, New Mexico 88201

CASE NO. 15184: Application of COG Operating LLC for a non-standard spacing and proration unit, compulsory pooling and a non-standard location, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) authorizing a non-standard location; (2) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Yeso formation, comprised of the W/2 W/2 of Section 15, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico; and (3) pooling all mineral interests in the Yeso 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 Pilum 15 Fee No. 2H Well, to be horizontally drilled. The completed interval for this well will be within the 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 Said area is located approximately 6 miles south of Artesia, New Mexico.