

**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. 15185

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 Yeso formation, comprised of the W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) 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 W/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 Ivar the Boneless Fed. No. 1H to a depth sufficient to test the Yeso formation.

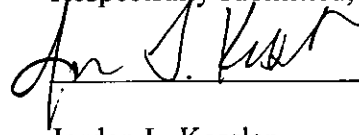
4. This project area is located within the Mar Loco-Glorieta-Yeso pool (pool code 97866). The completed interval for this well will be within the 330-foot setback required by the statewide rules.
5. Concho has sought but been unable to obtain a voluntary agreement from all interest owners in the Yeso 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 W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico;
- B. Pooling all mineral interests in the Yeso 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
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ATTORNEY FOR COG OPERATING LLC

EXHIBIT A
COG OPERATING LLC NOTICE LIST

Parties to be pooled:

Lindy's Living Trust
6300 Ridglea Place
Suite 1005 A
Fort Worth, TX 76116

Delmar Hudson Lewis Living Trust
6300 Ridglea Place
Suite 1005 A
Fort Worth, TX 76116

Moore & Shelton Company, Ltd.
P.O. Box 3070
Galveston, TX 77552

Ard Oil, Ltd.
4808 Westridge Ave
Fort Worth, TX 76116

Zorro Partners, Ltd.
616 Texas St.
Fort Worth, TX 76116

ConocoPhillips Company
600 N. Dairy Ashford, 2WL-15058
Houston, TX 77079
Attn: Tom Scarbrough

Offsets:

COG Operating LLC
600 W. Illinois Ave
Midland, TX 79701

(offset operator) ConocoPhillips Company
600 N. Dairy Ashford, 2WL-15058
Houston, TX 77079
Attn: Tom Scarbrough

Fuel Products, Inc.
P.O. Box 3098
Midland, TX 79702

Pear Resources
P.O. Box 11044
Midland, TX 79702

Marcus Wayne Luna
P.O. Box 1889
Midland, TX 79702

Lindy's Living Trust
6300 Ridglea Place
Suite 1005 A
Fort Worth, TX 76116

Delmar Hudson Lewis Living Trust (T.A dtd:9/9/02)
6300 Ridglea Place
Suite 1005 A
Fort Worth, TX 76116

Moore & Shelton Company, Ltd.
P.O. Box 3070
Galveston, TX 77552

Ard Oil, Ltd.
4808 Westridge Ave
Fort Worth, TX 76116

Zorro Partners, Ltd.
616 Texas St.
Fort Worth, TX 76116

Occidental Permian Limited Partnership
5 Greenway Plaza, Suite 110
Houston, TX 77046

Legacy Reserves
303 West Wall, Suite 1800
Midland, TX 79702

CASE NO. 15185: 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 Yeso formation, comprised of the W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) 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 Ivar the Boneless Fed. No. 1H 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 1 mile south of Malijamar, New Mexico.