

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15162
ORDER NO. R-13900**

**AMMENDED APPLICATION OF COG OPERATING, LLC FOR A NON-
STANDARD SPACING AND PRORATION UNIT, COMPULSORY POOLING,
AND AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 4, 2014, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 2nd day of October, 2014, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) COG Operating, LLC ("COG" or "Applicant") seeks approval of a non-standard 160-acre, more or less, oil spacing and proration unit (project area) in the Bone Spring formation, Scharb-Bone Spring Pool (Pool code 55610), comprised of the E/2 of the E/2 of Section 13, Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico.

(3) Applicant further seeks an order that excludes any conditions for compulsory pooling as requested in the original hearing application and approves the unorthodox location of the proposed well.

(4) The Unit will be dedicated to the Applicant's **Super Cobra State Com. Well No. 1H** (the "proposed well"; API No. 30-025-41987), a horizontal well to be drilled from a surface location 190 feet from the South line and 660 feet from the East line (Unit letter P) of Section 13, to a terminus 330 feet from the North line and 660 feet

from the East line (Unit letter A) of Section 13. The surface location of the well is unorthodox.

(5) Spacing and well locations in the Scharb-Bone Spring Pool are governed by Division Order No. R-2589, as amended. The Order, as amended, provides for 80-acre spacing units with wells to be located within 200 feet of the center of either quarter-quarter section in the spacing unit. The proposed Unit and project area contains two 80-acre spacing units consisting of four adjacent quarter-quarter governmental sections.

(6) Applicant appeared at hearing through counsel and presented evidence, by affidavit, that:

(a) The unorthodox location was necessary in order that all quarter-quarter sections included in the Unit could efficiently produce in the Bone Spring formation; and

(b) the Applicant has complied with notice provisions of Division Rules 19.15.4.9 and 19.15.4.12.C NMAC for offset interest owners.

(7) Applicant requested that the compulsory pooling proceeding of the original application for this case be dismissed since all interest owners in the Unit have agreed to pool their interests.

(8) No other party appeared at the hearing or otherwise opposed the granting of this application.

The Division concludes that:

(9) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit.

(10) Approval of the proposed unit will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and will not impair correlative rights.

(11) COG should be designated the operator of the proposed well and of the Unit.

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 160-acre, more or less, oil spacing and proration unit (the "Unit") is hereby established for the Bone Spring formation, the Scharb- Bone Spring Pool (Pool code 55610), consisting of the E/2 of the E/2 of Section 13, Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico.

(2) The Unit shall be dedicated to the Applicant's **Super Cobra State Com. Well No. 1H** (the "proposed well"; API No. 30-025-41987), a horizontal well to be drilled from a surface location 190 feet from the South line and 660 feet from the East line (Unit letter P) of Section 13 to a terminus 330 feet from the North line and 660 feet from the East line (Unit letter A) of Section 13.

(3) The unorthodox location of the proposed well in the Scharb-Bone Spring Pool is approved.

(4) The operator of the Unit shall commence drilling the proposed well on or before October 31, 2015, and shall thereafter continue drilling the proposed well with due diligence to test the Bone Spring formation.

(5) In the event the operator does not commence drilling the proposed well on or before October 31, 2015, Ordering Paragraph (1) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraph (1) shall be of no further effect, and the unit and project area created by this order shall terminate, unless the operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the quarter-quarter sections included in the proposed Unit within 120 days after commencement of drilling, then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those quarter-quarter sections in which the well is completed.

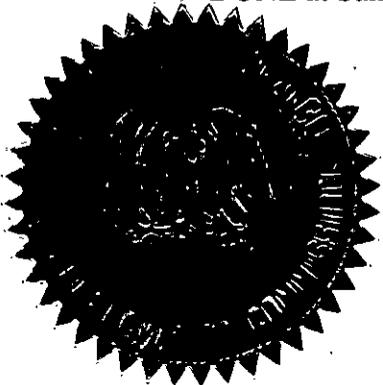
(7) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the Unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.

(8) COG's application in Case No. 15162 for compulsory pooling of uncommitted mineral interests within the Unit is hereby **dismissed**.

(9) COG Operating, LLC (OGRID 229137) is hereby designated the operator of the well and the Unit.

(10) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, reading "Jami Bailey". The signature is written in dark ink and is positioned above the printed name.

JAMI BAILEY
Director