

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

**APPLICATION OF COG OPERATING LLC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT, A NON-STANDARD PROJECT AREA,
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 15605

AMENDED APPLICATION

COG Operating LLC, ("COG") through its undersigned attorneys, hereby files this amended application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) creating a 280-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 27, the W/2 NW/4, and the NW/4 SW/4 of Section 34, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico; and (2) approving a non-standard 280-acre project area; and (3) pooling all mineral interests in the Bone Spring formation. In support of its application, COG states:

1. COG Operating LLC (OGRID No. 229137) is a working interest owner in the proposed non-standard spacing and proration unit and has the right to drill thereon.
2. COG proposes to dedicate the above-referenced spacing and proration unit as a non-standard project area for the proposed **Rojo AE 7811 JV-P Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27 to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 34.

3. The proposed project area is comprised of the W/2 W/2 of Section 27, the W/2 NW/4 of Section 34, and the NW/4 SW/4 of Section 34, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico. The project area is non-standard because it excludes SW/4 SW/4 of Section 34. The Applicant has existing plans to develop the excluded acreage with a Bone Spring horizontal well.

4. The completed interval for this well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC.

5. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing unit.

6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

7. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this non-standard spacing unit should be pooled and COG Operating LLC should be designated the contract operator for BTA Oil Producers, LLC, for this proposed horizontal well and spacing unit.

WHEREFORE, COG requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2017, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 280-acre, more or less, non-standard spacing and proration unit comprised of the W/2 W/2 of Section 27, the W/2 NW/4, and the NW/4 SW/4 of Section 34, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico;
- B. Approving a non-standard 280-acre non-standard project area;

- C. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- D. Designating COG Operating LLC as the contract operator for BTA Oil Producers, LLC of this non-standard spacing unit and the horizontal well to be drilled thereon;
- E. Authorizing COG to recover its costs of drilling, equipping and completing the well;
- F. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC

CASE 15605:

Amended Application of COG Operating LLC for a non-standard spacing and proration unit, a non-standard project area, and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 280-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 27, the W/2 NW/4 of Section 34, and the NW/4 SW/4 of Section 34, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to proposed **Rojo AE 7811 JV-P Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27 to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 34. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as the contract operator of the well for BTA Oil Producers, LLC, and a 200% charge for risk involved in drilling said well. Said area is located approximately 22 miles west of Jal, New Mexico.