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September 22, 2017

VIA HAND DELIVERY

*Case 15857*

Florene Davidson  
Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Re: COG Operating LLC Application

Dear Florene:

Enclosed please find: (i) for filing, the original and one (1) copy of an application by COG Operating LLC for approval of a 343.26-acre, more or less, non-standard oil spacing and proration unit to be dedicated to COG's Copperhead 31 Fee #20H well; and (ii) a proposed hearing notice. I will email the proposed hearing notice to you in Word format.

As stated in the application, COG requests that the application be placed on the Division's October 26, 2017 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:jwl  
Enclosures

RECEIVED OCD  
2017 SEP 22 P 2:21

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

RECEIVED OGD

2017 SEP 22 P 2: 21

APPLICATION OF COG OPERATING  
LLC FOR A NON-STANDARD  
SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO

Case No. 15857

APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating LLC (“COG”) applies for an order (i) approving a 343.26-acre, more or less, non-standard spacing and proration unit comprised of Lots 2, 3, and 4 in Section 19, Lots 1, 2, 3, and 4 in Section 30, and Lots 1 and 2 in Section 31, Township 26 South, Range 29 East, Eddy County, New Mexico, and (ii) pooling all uncommitted mineral interests in the Wolfcamp formation. In support of its Application, COG states:

1. COG (OGRID No. 229137) is a working interest owner in Lots 2, 3, and 4 in Section 19, Lots 1, 2, 3, and 4 in Section 30, and Lots 1 and 2 in Section 31 and has the right to drill a well thereon.
2. COG proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for its Copperhead 31 Fee #20H well (API No. 30-015-44319), which will be horizontally drilled from a surface location in Lot 2 of Section 31 to a bottom hole location in Lot 2 of Section 19, Township 26 South, Range 29 East.
3. The completed interval for the Copperhead 31 Fee #20H well will remain within the 330-foot standard offset required by 19.15.15.9(A) NMAC.

4. COG has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners in the proposed project area to participate in the drilling of the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners.

5. The pooling of those uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners in the non-standard spacing and proration unit should be pooled and COG should be designated the operator of the proposed horizontal well and project area.

WHEREFORE, COG requests that this application be set for hearing on October 26, 2017 and that, after notice and hearing, the Division enter an order:

A. Approving a 343.26 – acre, more or less, non-standard spacing and proration unit (project area) in the Wolfcamp formation in Lots 2, 3, and 4 in Section 19, Lots 1, 2, 3, and 4 in Section 30, and Lots 1 and 2 in Section 31, Township 26 South, Range 29 East, in Eddy County;

B. Pooling all uncommitted mineral interests in the proposed project area;

C. Designating COG as the operator of the project area and the Copperhead 31 Fee #20H well;

D. Authorizing COG to recover its costs of drilling, equipping, and completing the well;

E. Considering the cost of drilling and completing the Copperhead 31 Fee #20H well and allocating the cost among the uncommitted mineral interest owners;

F. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

G. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the Copperhead 31 Fee #20H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

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