

**APPLICATION OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND FOR  
COMPULSORY POOLING, CHAVES COUNTY, NEW  
MEXICO.**

**NMOCD CASE 14500**  
**COG EXH. 17**

## EXHIBIT A

Chisos, Ltd.  
670 Dona Ana Road SW  
Deming, NM 88030

First Roswell Company  
c/o JF Management Company  
P.O. Box 1797  
Roswell, NM 88202-1797

Thomas E. Jennings  
P.O. Box 1797  
Roswell, NM 88201

The Blanco Company  
P.O. Box 25968  
Albuquerque, NM 87125

Cimarex Energy Co.  
600 N. Marienfeld, Suite 600  
Midland, TX 79701

00205385

My Commission Expires: 1-11-11

## EXHIBIT A

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670 Dona Ana Road SW  
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P.O. Box 1797  
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Cimarex Energy Co.  
600 N. Marienfeld, Suite 600  
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00205385



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

---

June 10, 2010

**Certified Mail**

**Return Receipt Requested**

The Blanco Company  
P.O. Box 25968  
Albuquerque, NM 87125

Attn: Mr. Phillip White

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

Dear Mr. White:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. 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,

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

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6301 Indian School Road NE, Suite 400  
Albuquerque, New Mexico 87110  
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210  
Albuquerque, New Mexico 87176-6210

The Blanco Company  
June 10, 2010  
Page 2

designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

A copy of the Application is enclosed.

This application will be set for hearing before a Division Examiner on July 8, 2010, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall  
Attorneys for COG Operating LLC

JSH:kw  
Enclosure

00193426

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

RECEIVED OGD

2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND  
FOR COMPULSORY POOLING, CHAVES  
COUNTY, NEW MEXICO

CASE NO. 14500

APPLICATION

COG OPERATING LLC, by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rule 19.15.16.14 NMOCD of the Division's Rules and Regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation for Applicant's horizontal drilling project area; and

B. Pooling all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 3, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line

and 430' from the East line to a bottom hole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation underlying the proposed project area in Section 3.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.


5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010, or at a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.



Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By:   
J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for COG Operating LLC



**MONTGOMERY  
& ANDREWS**  
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---

June 10, 2010

**Certified Mail**

**Return Receipt Requested**

Cimarex Energy Co.  
600 N. Marienfeld, Suite 600  
Midland, TX 79701

Attn: Hayden Tresner

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

Dear Mr. Tresner:

This will advise that COG Operating, LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost

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Cimarex Energy Co.  
June 10, 2010  
Page 2

thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

A copy of the Application is enclosed.

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall  
Attorneys for COG Operating LLC

JSH:kw  
Enclosure

00193765

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

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2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND  
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COUNTY, NEW MEXICO

CASE NO. 14500

APPLICATION

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A. Consolidating each of the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation for Applicant's horizontal drilling project area; and

B. Pooling all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 3, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line

and 430' from the East line to a bottom hole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation underlying the proposed project area in Section 3.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010, or at a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for COG Operating LLC



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**J. SCOTT HALL**

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June 10, 2010

**Certified Mail**

**Return Receipt Requested**

Thomas E. Jennings  
P.O. Box 1797  
Roswell, NM 88201

**Re: NMOCD Case No 14500; Application of COG Operating LLC for Designation of a Non-Standard Oil Spacing and Proration Unit and for Compulsory Pooling, Chaves County, New Mexico**

Dear Mr. Jennings:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. 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,

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Thomas E. Jennings  
June 10, 2010  
Page 2

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

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J. Scott Hall  
Attorneys for COG Operating LLC

JSH:kw  
Enclosure

00193763



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

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2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
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COUNTY, NEW MEXICO

CASE NO. 14500

APPLICATION

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B. Pooling all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 3, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line

and 430' from the East line to a bottom hole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation underlying the proposed project area in Section 3.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

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WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010, or at a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

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Attorneys for COG Operating LLC



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June 10, 2010

**Certified Mail**  
**Return Receipt Requested**

Chisos, Ltd.  
670 Dona Ana Road SW  
Deming, NM 88030

Attn: Ms. Sue Ann Craddock

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

Dear Ms. Craddock:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost

**REPLY TO:**

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Chisos, Ltd.  
June 10, 2010  
Page 2

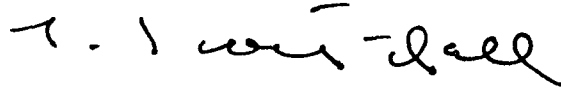
thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

A copy of the Application is enclosed.

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall  
Attorneys for COG Operating LLC

JSH:kw  
Enclosure

00193414

Chisos, Ltd.  
June 10, 2010  
Page 3

bcc: Jan Spradlin

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

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2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
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COUNTY, NEW MEXICO

CASE NO. 14500

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In support, Applicant states:

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Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

J. Scott Hall

P.O. Box 2307

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Attorneys for COG Operating LLC



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**J. SCOTT HALL**

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June 10, 2010

**Certified Mail**

**Return Receipt Requested**

First Roswell Company  
c/o JF Management Company  
P.O. Box 1797  
Roswell, NM 88202-1797

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

To Whom it May Concern:

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**REPLY TO:**

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designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

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J. Scott Hall  
Attorneys for COG Operating LLC

JSH:kw  
Enclosure

00193415

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

RECEIVED OOD

2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND  
FOR COMPULSORY POOLING, CHAVES  
COUNTY, NEW MEXICO

CASE NO. 14500

APPLICATION

COG OPERATING LLC, by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rule 19.15.16.14 NMOCD of the Division's Rules and Regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation for Applicant's horizontal drilling project area; and

B. Pooling all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 3, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line

and 430' from the East line to a bottom hole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation underlying the proposed project area in Section 3.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

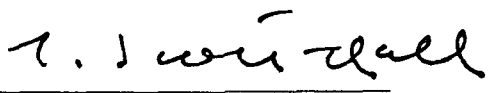
4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010, or at a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By:   
J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for COG Operating LLC



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

June 10, 2010

**Certified Mail**

**Return Receipt Requested**

Chisos, Ltd.  
670 Dona Ana Road SW  
Deming, NM 88030

Attn: Ms. Sue Ann Craddock

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

Dear Ms. Craddock:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

---

6301 Indian School Road NE, Suite 400  
Albuquerque, New Mexico 87110  
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210  
Albuquerque, New Mexico 87176-6210

Chisos, Ltd.  
June 10, 2010  
Page 2

thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

A copy of the Application is enclosed.

This application will be set for hearing before a Division Examiner on July 8, 2010, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.



J. Scott Hall  
Attorneys for COG Operating LLC

JSH:kw  
Enclosure

00193414



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

RECEIVED OOD

2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND  
FOR COMPULSORY POOLING, CHAVES  
COUNTY, NEW MEXICO

CASE NO. 14500

APPLICATION

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B. Pooling all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3.

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2. Applicant proposes to dedicate the above-referenced pooled unit to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line

and 430' from the East line to a bottom hole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation underlying the proposed project area in Section 3.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010, or at a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for COG Operating LLC



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

June 10, 2010

**Certified Mail**

**Return Receipt Requested**

First Roswell Company  
c/o JF Management Company  
P.O. Box 1797  
Roswell, NM 88202-1797

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

To Whom it May Concern:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. 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,

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400  
Albuquerque, New Mexico 87110  
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210  
Albuquerque, New Mexico 87176-6210

First Roswell Company  
June 10, 2010  
Page 2

designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

A copy of the Application is enclosed.

This application will be set for hearing before a Division Examiner on July 8, 2010, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

*J. Scott Hall*

J. Scott Hall  
Attorneys for COG Operating LLC

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First Roswell Company c/o JF Management Company P.O. Box 1797 Roswell, NM 88202-1797		<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

RECEIVED OGD  
2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND  
FOR COMPULSORY POOLING, CHAVES  
COUNTY, NEW MEXICO

CASE NO. 14500

APPLICATION

COG OPERATING LLC, by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rule 19.15.16.14 NMOCD of the Division's Rules and Regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation for Applicant's horizontal drilling project area; and

B. Pooling all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 3, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line

and 430' from the East line to a bottom hole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation underlying the proposed project area in Section 3.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010, or at a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: *J. Scott Hall*  
J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for COG Operating LLC





**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

June 10, 2010

**Certified Mail**

**Return Receipt Requested**

Thomas E. Jennings  
P.O. Box 1797  
Roswell, NM 88201

**Re: NMOCD Case No 14500; Application of COG Operating LLC for Designation of a Non-Standard Oil Spacing and Proration Unit and for Compulsory Pooling, Chaves County, New Mexico**

Dear Mr. Jennings:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. 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,

**REPLY TO:**

325 Paseo de Peralta

Santa Fe, New Mexico 87501

Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307

Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400

Albuquerque, New Mexico 87110

Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210

Albuquerque, New Mexico 87176-6210

Thomas E. Jennings  
June 10, 2010  
Page 2

designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

A copy of the Application is enclosed.

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

*T. J. Scott Hall*

J. Scott Hall

Attorney for COG Operating LLC

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*Kay Snader*

B. Received by (Printed Name) *Kay Snader* C. Date of Delivery *6-14-10*

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4. Restricted Delivery? (Extra Fee) ☐ Yes ☒ No

1. Article Address  
Mr. Thomas E. Jennings  
P.O. Box 1797  
Roswell, NM 88201

2. Article Number  
(Transfer from service label)  
7008 3230 0000 2319 1045

PS Form 3811, February 2004  
Domestic Return Receipt  
102595-02-M-1540

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

RECEIVED OOD

2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND  
FOR COMPULSORY POOLING, CHAVES  
COUNTY, NEW MEXICO

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APPLICATION

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3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

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Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for COG Operating LLC



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

June 10, 2010

**Certified Mail**

**Return Receipt Requested**

The Blanco Company  
P.O. Box 25968  
Albuquerque, NM 87125

Attn: Mr. Phillip White

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

Dear Mr. White:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre  $\pm$  non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. 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,

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400  
Albuquerque, New Mexico 87110  
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210  
Albuquerque, New Mexico 87176-6210



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

June 10, 2010

**Certified Mail**

**Return Receipt Requested**

Cimarex Energy Co.  
600 N. Marienfeld, Suite 600  
Midland, TX 79701

Attn: Hayden Tresner

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

Dear Mr. Tresner:

This will advise that COG Operating, LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost

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The Blanco Company  
June 10, 2010  
Page 2

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

*J. Scott Hall*

J. Scott Hall  
Attorneys for COG Operating LLC

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

RECEIVED OGD

2010 JUN -3 P 3: 33

IN THE MATTER OF THE APPLICATION  
OF COG OPERATING LLC FOR  
DESIGNATION OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND  
FOR COMPULSORY POOLING, CHAVES  
COUNTY, NEW MEXICO

CASE NO. 14500

APPLICATION

COG OPERATING LLC, by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rule 19.15.16.14 NMOCD of the Division's Rules and Regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Abo/Wolfcamp formation for Applicant's horizontal drilling project area; and

B. Pooling all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 3, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line

and 430' from the East line to a bottom hole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation underlying the proposed project area in Section 3.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010, or at a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for COG Operating LLC



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

June 10, 2010

**Certified Mail**

**Return Receipt Requested**

Cimarex Energy Co.  
600 N. Marienfeld, Suite 600  
Midland, TX 79701

Attn: Hayden Tresner

**Re: NMOCD Case No 14500; Application of COG Operating LLC for  
Designation of a Non-Standard Oil Spacing and Proration Unit and for  
Compulsory Pooling, Chaves County, New Mexico**

Dear Mr. Tresner:

This will advise that COG Operating, LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 3, Township 15 South, Range 31 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Abo/Wolfcamp formation (Wildcat) for COG's horizontal drilling project area. COG also seeks the compulsory pooling of all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3 to be dedicated to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line and 430' from the East line to a bottomhole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost

**REPLY TO:**

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6301 Indian School Road NE, Suite 400  
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Post Office Box 36210  
Albuquerque, New Mexico 87176-6210

Cimarex Energy Co.

June 10, 2010

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thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator and a charge for risk involved in drilling the well.

A copy of the Application is enclosed.

This application will be set for hearing before a Division Examiner on July 8, 2010, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.



J. Scott Hall  
Attorneys for COG Operating LLC

JSH:kw  
Enclosure

00193765

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

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B. Pooling all interests in the Abo/Wolfcamp formation underlying the S/2 S/2 of said Section 3.

In support, Applicant states:

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2. Applicant proposes to dedicate the above-referenced pooled unit to its Leo 3 Fed Com No. 1-H Well to be drilled horizontally from a surface location 660' from the South line

and 430' from the East line to a bottom hole location 660' from the South line and 330' from the West line to a depth sufficient to test the Abo/Wolfcamp formation underlying the proposed project area in Section 3.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010, or at a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

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