

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



June 20, 2012

Administrative Order CTB-644

COG Production, LLC
Attention: Mayte Reyes
2208 W. Main Street
Artesia, NM 88210

RE: Surface Commingling

It is our understanding that you propose to commingle production of casing head gas from diversely owned lands, limited to one common source of supply, Hay Hollow; Bone Spring Pool (30215), through facilities operated by the COG Production, LLC ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 12.10.C(4) [19.15.12.10.C.(4) NMAC]. It is further understood that you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to [surface] commingle gas production from the Hay Hollow; Bone Spring Pool from the following wells and completions located within Eddy County, New Mexico:

Cottonmouth 13 Federal Com Well No. 1H (API No. 30-015-39734), Horizontal
SHL: 810 feet FSL & 2630 feet FWL (Unit letter N), Sec13, T26S, R28E, NMPM
BHL: 330 feet FSL & 2310 feet FWL (Unit letter N), Sec24, T26S, R28E, NMPM
Oil Spacing Unit: 160-Acres, Units CFKN of Section 24

Momba 24 Federal Well No. 1H (API No. 30-015-37049), Horizontal
SHL: 660 feet FNL & 990 feet FEL (Unit letter A), Sec24, T26S, R28E, NMPM
BHL: 412 feet FSL & 981 feet FEL (Unit letter P), Sec24, T26S, R28E, NMPM
Oil Spacing Unit: 160-Acres, Units AHIP of Section 24

The casing head gas from both wells will be sold through a CDP located in Section 12, T26S, R28E, NMPM, Eddy County, New Mexico. Oil from these wells is not permitted for commingling under this order.

This installation shall be constructed and operated in accordance with applicable Division Rules. Casing head gas from each well shall be continuously metered prior to being commingled for sale. The allocation gas meters for each well shall be calibrated on a schedule based on throughput as per Rule 12.10.C(2) NMAC.

The operator shall notify the District office of the Division prior to implementation of commingling operations. It is the also responsibility of the operator to notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the State Land Office if state lands are involved or the US BLM if tribal or federal lands are involved.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,



JAMI BAILEY
Division Director

JB/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad Field Office