

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



February 3, 2015

COG Operating LLC
Attn: Ms. Mayte Reyes

ADMINISTRATIVE NON-STANDARD PRORATION UNIT

Administrative Order NSP-2019
Administrative Application Reference No. pMAM1503445466

COG Operating LLC
OGRID 229137

Osprey 20 State Com. Well No. 3H
API No. 30-025-40969

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|---------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 2590 FSL & 1680 FWL | K | 20 | 21S | 34E | Lea |
| Penetration Point | 2033 FSL & 1742 FWL | K | 20 | 21S | 34E | Lea |
| Terminus | 1868 FSL & 1970 FWL | K | 29 | 21S | 34E | Lea |

Osprey 20 State Com. Well No. 7H
API No. 30-025-42421

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|---------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 2590 FSL & 1730 FWL | K | 20 | 21S | 34E | Lea |
| Penetration Point | 2310 FSL & 1730 FWL | K | 20 | 21S | 34E | Lea |
| Terminus | 1650 FSL & 1980 FWL | K | 29 | 21S | 34E | Lea |

Proposed Project Area:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|-------------------------|--------------|----------------------------------|------------------|
| E/2 SW/4 of Section 20, | 80 | WC-025 G-07 S213430M;Bone Spring | 97962 |
| E/2 NW/4 and | 80 | | |
| NE/4 SW/4 of Section 29 | 40 | | |

Reference is made to your application received on February 3, 2015.

You have requested to drill this well at a non-standard oil spacing and proration unit described above in the referenced pool or formation. This proration unit is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because a portion of the project area is non-standard.

Units Comprising this Project Area

| <u>Unit</u> | <u>Acres</u> | <u>Pool</u> | <u>Code</u> |
|-------------------------|--------------|----------------------------------|-------------|
| E/2 SW/4 of Section 20 | 80 | WC-025 G-07 S213430M;Bone Spring | 97962 |
| E/2 NW/4 of Section 29 | 80 | WC-025 G-07 S213430M;Bone Spring | 97962 |
| NE/4 SW/4 of Section 29 | 40 | WC-025 G-07 S213430M;Bone Spring | 97962 |

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 200-acres, consisting of the entire area described above as the Subject Unit or Project Area.

It is our understanding that you are seeking this location because of drilling problems with the Osprey 20 State Com. Well No. 3H; the SE/4 SW/4 of Section 29 was not developed. Further, the SE/4 SW/4 of Section 29 is dedicated to the Merlin State Com Well No. 1H; therefore, no acreage is stranded.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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

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DONE at Santa Fe, New Mexico, on February 3, 2015


DAVID R. CATANACH
Director

DC/mam

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office - Oil, Gas, and Minerals