

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

CASE NO. 15090 (Re-Opened)

**APPLICATION OF COG OPERATING, LLC TO RE-OPEN CASE NO. 15090 TO
POOL THE INTERESTS OF ADDITIONAL MINERAL OWNERS UNDER THE
TERMS OF COMPULSORY POOLING ORDER NO. R-13808-A, EDDY
COUNTY, NEW MEXICO.**

ORDER NO. R-20202

ORDER OF THE DIVISION

BY THE DIVISION:

This order amends Order No. R-13808-A.

This case came on for hearing at 8:15 a.m. on August 9, 2018, at Santa Fe, New Mexico, before Scott A. Dawson.

NOW, on this 25th day of October 2018, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

(1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.

(2) COG Operating LLC (the "Applicant") seeks to amend Order No. R-13808-A, issued in Case No. 15090 on October 24, 2016 to include in a compulsory pooled unit ("the Unit") the interests ("presently uncommitted interests") of mineral interest owners who have succeeded to previously committed interests in the Unit pursuant to expiration of lease(s) and/or operating agreement(s) after the original pooling order was issued.

(3) The following "subject well" is dedicated to a 148.64-acre (more or less) horizontal oil spacing unit in the Atoka; Glorieta-Yeso Pool (Pool Code 3250) comprised of Lots 1, 2, 3, and 4 (the W/2 W/2 equivalent) of Section 6, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico:

Arabian 6 Fee Well No. 10H, API No. 30-015-42004

SHL: 150 feet from the South line and 210 feet from the West line,
(Lot 4 or Unit M) of Section 31, T18S, R26E, NMPM.

BHL: 359 feet from the South line and 495 feet from the West line,
(Lot 4 or Unit M) of Section 6, T19S, R26E, NMPM.

(4) Applicant appeared through counsel with an affidavit and presented the following land evidence:

- (a) The subject well and Unit was the subject of Hearing Order No. R-13808, issued in Case No. 15090 on March 11, 2014.
- (b) The case was reopened, and additional interest owners were pooled, and the amended Order No. R-13808-A was issued on October 26, 2016.
- (c) The subject well was shut in on May 4, 2015, which caused multiple leases to expire, and a joint operating agreement to terminate.
- (d) Applicant undertook a good faith effort to reach voluntary agreement with the owners of the presently uncommitted interests.
- (e) Notice by certified mail was provided to all presently uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments.

(5) No other party appeared or otherwise opposed this application.

The Division concludes as follows:

(6) In order to afford all owners of each interest in the Unit, including both the previously pooled parties and owners of any presently uncommitted interests, the opportunity to recover or receive without unnecessary expense their just and fair share of hydrocarbons, this application should be approved by pooling all presently uncommitted interests, whatever they may be, in the Unit pursuant to the provisions of Order No. R-13808-A, as modified by this order.

(7) The compulsory pooling provisions of this order should be effective from the date of first production from the subject well except as herein otherwise provided.

(8) Any owner of a presently uncommitted interest who has paid its share of well costs of the subject well shall be treated as a consenting pooled party under the previous order, shall be liable only for actual well costs, operating expenses, and overhead charges accrued from first production to the extent, but only to the extent, not previously

paid, but shall not be subject to any risk charge.

(9) Reasonable charges for supervision (combined fixed rates) applicable to the interests of the owners of presently uncommitted interests should be fixed at \$5,450 per month, per well, while drilling and \$545 per month, per well, while producing, provided that these rates should be adjusted annually, from the date of issuance of Order No. R-13757, pursuant to the overhead adjustment provisions of the COPAS form titled "Accounting Procedure-Joint Operations."

IT IS THEREFORE ORDERED THAT:

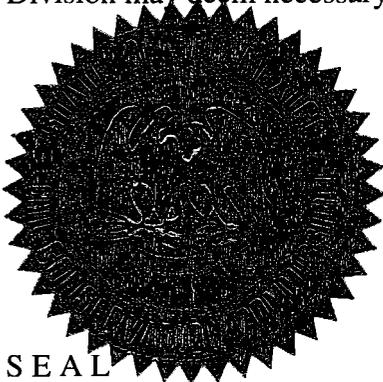
(1) Pursuant to the application of COG Operating LLC, Order No. R-13808-A, issued in this case on October 26, 2016, is hereby amended to compulsory pool all interests, whatever they may be, of owners whose interests ("presently uncommitted interests") that were contractually committed to the Unit when Order No. R-13808-A was issued but have since become uncommitted due to expiration of any lease or operating agreement, and their heirs, devisees, personal representatives, successors and assigns.

(2) The Unit shall remain dedicated to the Arabian 6 Fee Well No. 10H (API No. 30-015-42004).

(3) The owners of presently uncommitted interests shall be liable for actual well costs of the subject well to the extent, but only to the extent, not previously paid, and shall be liable for reasonable operating costs and overhead charges from the date of first production, to the extent not previously paid, but shall not be liable for any risk charge.

(4) Except as herein otherwise provided, Order No. R-13808-A shall continue in full force and effect, and the interests pooled hereby shall be subject thereto.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Heather Riley".

HEATHER RILEY
Director