

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

IN THE MATTER OF THE APPLICATION OF  
COG OPERATING LLC FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 14689

APPLICATION

COG OPERATING LLC (COG), by and through its counsel, Beatty & Wozniak, P.C., hereby makes application pursuant to the OCD Rules and NMSA 1978 Section 70-2-17 (1995) for an order providing the following:

Pooling all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E.

In support of the Application COG states:

1. COG owns certain working interests in and under the approximately 40-acre spacing unit in Section 36 as described above and has the right to drill there.
2. COG proposes to drill the Kiowa State # 1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SENW) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations.
3. COG does not have leases or agreements for voluntary pooling or farmouts from certain other interests owners in the above referenced depths below Unit F located as described above.
4. In order for COG to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and COG should be designated by the Oil Conservation Division as the operator of the well.
5. The pooling of mineral interests will provide the opportunity for COG to produce its just and fair share of the oil or gas, or both, avoid the drilling on unnecessary wells, protect correlative rights and prevent waste.

WHEREFORE, COG requests that this application be set for hearing on August 4, 2011, or as it may be continued, before the OCD Hearing Examiners, or at a special hearing date to be determined, and that after notice and hearing as required by law and OCD Rules, the Division enter its Order approving the pooling of the lands described above into one spacing or proration

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unit, including provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping 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 COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

Respectfully submitted this 29th day of June, 2011.

Beatty & Wozniak, P.C.



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COUNSEL FOR COG OPERATING LLC

Case No. 14699: *Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico.* Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E. The Applicant proposes to drill the Kiowa State # 1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SENW) to a depth of approximately 4,850 feet below ground level to test the Blinebry/Paddock Formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling the well. The proposed well and lands are located approximately ten miles east and three miles south of Artesia, New Mexico.