

HOLLAND & HART



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December 6, 2011

VIA HAND DELIVERY

Jami Bailey
Director
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14628

2011 DEC - 6 P 4: 00
RECEIVED OCD

Re: Case Nos. 14627 and 14628: Amended Applications of Nadel and Gussman Permian, LLC and COG Operating for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.

Dear Ms. Bailey:

Enclosed are the Amended Applications of Nadel and Gussman Permian, LLC and COG Operating in the above-referenced cases as well as a copy of the legal advertisements. Applicants request that these matters be placed on the January 5, 2011 Examiner hearing docket.

Sincerely,

Michael H. Feldewert

MHF

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

AMENDED APPLICATION OF NADEL AND GUSSMAN PERMIAN,
L.L.C. AND COG OPERATING LLC FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 14628

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AMENDED APPLICATION

Nadel and Gussman Permian L.L.C. and COG Operating LLC ("Applicants") hereby amend the current application to apply for an order (i) approving a non-standard oil spacing and proration unit in the Glorieta-Yeso formation in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 5, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, (ii) pooling all mineral interests in this non-standard spacing and proration unit, and (iii) naming COG Operating LLC as operator of this unit. In support of this amended application Applicants state:

1. Applicants are interest owners in Section 5, and have the right to drill a well thereon.
2. Since the filing of the initial application in this matter, COG Operating LLC has entered into an agreement with Nadel and Gussman Permian L.L.C. under which COG intends to drill the Patton 5 Fee Well No. 8 as a horizontal well in the Glorieta-Yeso formation at a surface location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and a terminus in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 5. This is the same location as the Big Iron Well No. 2 formerly proposed by Nadel and Gussman.
3. Applicants have in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 5 for the purposes set forth herein but certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Glorieta-Yeso formation underlying the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 5.

4. Approval of this non-standard unit and the pooling of all mineral interests in the Glorieta-Yeso formation underlying the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 5 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicants request that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 5;
- B. Pooling all of the mineral interests in the Glorieta-Yeso formation in S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 5;
- C. Designating COG Operating LLC as operator of the proposed well;
- E. Considering the cost of drilling and completing the well, and allocating the costs among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

Approved via email on 12/5/11

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and



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ATTORNEY FOR COG OPERATING, LLC

PROPOSED ADVERTISEMENT

Case No. 14628: (Readvertised)

Amended Application of Nadel and Gussman Permian, L.L.C. and COG Operating LLC for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicants seek an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the S/2S/2 of Section 5, Township 19 South, Range 26 East, NMPM. Applicants further seek the pooling of all mineral interests in the Glorieta-Yeso formation underlying this non-standard spacing and proration unit (project area) for the purpose of dedicating this unit to the proposed Patton 5 Fee Well No. 8 (formerly proposed as the Big Iron Well No. 2), a horizontal well with a surface location in the SW/4SW/4 and a terminus in the SE/4SE/4 of Section 5. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 4 miles north-northwest of Lakewood, New Mexico