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May 3, 2012

Ms. Jami Bailey, Director
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

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Re: **NMOCD Case No. 14855: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico**

Dear Ms. Bailey:

On behalf of COG Operating LLC, enclosed is an original and one copy of an Application in the above-referenced case. Please set this matter for hearing on the June 7, 2012 examiner docket. Also enclosed is a proposed advertisement for the case.

Very truly yours,

J. Scott Hall

JSH:kw
Enclosures

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Case No. 14855 : Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the SW/4 NE/4 of Section 16, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, to form a standard 40-acre spacing and proration unit for any and all formations and or pools developed on 40 acres from the surface to the base of the Glorieta-Yeso formation, Mar Loco Glorieta Pool (79866). The referenced unit will be dedicated to the Burkett 16 State No. 1 Well to be drilled at a standard location 1650' from the North and East lines of Section 16. 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 charge for risk involved in drilling the well. The proposed well location is approximately 6 miles northeast of Loco Hills, New Mexico.

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

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

CASE NO. 14855

APPLICATION

COG Operating LLC by its undersigned attorneys, Montgomery & Andrews, P.A. (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all interests in all formations developed on a 40-acre basis from the surface to the base of the Glorieta-Yeso formation, Mar Loco Glorieta-Yeso Pool (79866) underlying the SW/4 NE/4 of Section 16, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, to form a standard 40-acre spacing and proration unit. In support, Applicant states:

1. Applicant owns certain working interests in and under the SW/4 NE/4 of Section 16, and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Burkett 16 State No. 1 Well to be drilled from a standard location 1650' from the North and East lines of Section 16 to a depth sufficient to test the Yeso formation underlying the SW/4 NE/4 of the section.
3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the SW/4 NE/4 of Section 16.

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4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on June 7, 2012 and that after notice and hearing as required by law, the Division enter its Order pooling the lands and designating Applicant as operator of the well, including provisions for Applicant to recover its costs of drilling, equipping and completing 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 assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

MONTGOMERY & ANDREWS, P.A.

By: 
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