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October 29, 2012

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 14930

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2012 OCT 29 P 3:41

**Re: Applications of COG Operating LLC for Compulsory Pooling,
Eddy County, New Mexico.**

Dear Ms. Bailey:

Enclosed please find the Application for COG Operating LLC, as well as a copy of the legal advertisement. Applicant requests that this matter be placed on the docket for November 29, 2012, examiner hearing.

Sincerely,

Michael H. Feldewert

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

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CASE NO. 14930

APPLICATION

COG OPERATING LLC, ("COG") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SW/4 SW/4 (Unit M) of Section 4, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico, to form a standard 40-acre spacing and proration unit. In support of its application, COG states:

1. COG is a working interest owner in the SW/4 SW/4 of Section 4, and has the right to drill thereon.
2. COG has drilled the Sherman 4 Fee #1 Well (API No. 30-015-39589) at a standard location 612 feet from the South line and 380 feet from the West line (Unit M) of Section 4 to a depth sufficient to test the Glorieta-Yeso formation. The SW/4 SW/4 of Section 4 has been dedicated to the well to form a standard 40-acre oil spacing and proration unit.

3. COG has recently discovered that a portion of the acreage is owned by an estate previously unknown and not subject to a voluntary agreement for the development of these lands. Accordingly, COG seeks a pooling order from the division to address this previously unknown interest.

4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard spacing unit should be pooled and COG Operating, LLC should be designated the operator of this proposed well and spacing unit.

WHEREFORE, COG Operating LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 29, 2012, and, after notice and hearing as required by law, the Division enter its order:

- A. Pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SW/4 SW/4 (Unit M) of Section 4, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico to form a 40-acre standard spacing and proration unit;
- B. Designating COG Operating LLC operator of this standard spacing unit and the well to be drilled thereon;
- C. Authorizing COG Operating LLC to recover its costs of drilling, equipping and completing the well;

- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% penalty for the risk assumed by COG Operating LLC in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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ATTORNEYS FOR COG OPERATING LLC

CASE 14930:

Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of Glorieta-Yeso underlying the SW/4 SW/4 (Unit M) of Section 4, Township 19 South, Range 26 East, NMPM, to form a standard 40-acre spacing and proration unit. This unit is to be dedicated to applicant's Sherman 4 Fee #1 Well (API No. 30-015-39589) which has been vertically drilled at a standard location 612 feet from the South line and 380 feet from the East line (Unit M) of Section 4. Also to be considered will be the cost of drilling and completing said 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 risk involved in drilling said well. Said area is located approximately 10 miles Southeast of Artesia, New Mexico.