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March 14, 2014

VIA FACSIMILE

Case 15112

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

Re: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico

Dear Ms. Bailey:

Enclosed is the Application of COG Operating LLC in the above-referenced case as well as a copy of the legal advertisement. COG requests that this matter be placed on the Hearing Examiner Docket scheduled for April 17, 2014.

Sincerely,

Jordan L. Kessler

Enclosures

cc: Ocean Munds-Dry/Caleb Hopson

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Roehl Harris & Sisk P.A.

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

**APPLICATION OF COG OPERATING LLC FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT, COMPULSORY POOLING AND A NON-STANDARD
LOCATION, LEA COUNTY, NEW MEXICO.**

CASE NO. 15112

APPLICATION

COG Operating LLC (“Concho”), through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) authorizing a non-standard location; (2) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 8, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application, Concho states as follows:

1. Concho is an interest owner in the subject lands and has the right to drill a well thereon.
2. Concho seeks to dedicate the W/2 W/2 of Section 8 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the “project area”).
3. Concho proposes to drill the Tomcat Fee Com. No. 1H to a depth sufficient to test the Bone Spring formation.
4. This project area is located within the Scharb Bone Springs Oil pool. (Order No. R-2589). These special pool rules require wells to be located within 200 feet of the

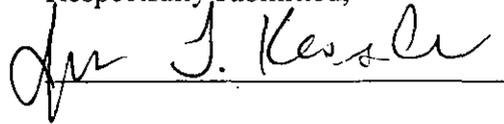
- center of the quarter-quarter section. Concho seeks a non-standard location in order to allow a producing area that is 330 feet from the project area boundary.
5. Concho has sought but been unable to obtain a voluntary agreement from all mineral interest owners in the Bone Spring formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.
 6. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.
 7. Notice of this application has been given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, COG Operating LLC requests this application be set for hearing before an Examiner of the Oil Conservation Division on April 17, 2014, and after notice and hearing as required by law, the Division enter its order:

- A. Creating a non-standard oil spacing and proration unit ("project area") in the Bone Spring formation comprised of W/2 W/2 of Section 8, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;
- B. Authorizing a non-standard location;
- C. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;
- D. Designating Concho as operator of this unit and the well to be drilled thereon;
- E. Authorizing Concho to recover its costs of drilling, equipping and completing this well;

- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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,

A handwritten signature in cursive script, appearing to read "Jordan L. Kessler", is written over a horizontal line.

Jordan L. Kessler
Post Office Box 2168
Albuquerque, New Mexico 87103
(505) 848-1800 Phone
(505) 848-1897 Facsimile

ATTORNEY FOR COG OPERATING LLC

EXHIBIT A
COG OPERATING LLC NOTICE LIST

Parties to be pooled:

Ross Duncan Properties, LLC
P.O. Box 647
Artesia, New Mexico 88211-0647

Davis Partners, Ltd.
P.O. Box 271
Midland, Texas 79702

F. Ferrell Davis
P.O. Box 3061
Midland, Texas 79702

Mineral interest owners

Bank of America, N.A., Trustee of the
Robert O. Erwin and Virginia McKnight
Erwin Trust a/k/a the Erwin Marital Trust
P.O. Box 830308
Dallas, Texas 75283-0308

Katherine Hartig Elmore, Derill G. Elmore, Jr., and Frank H. Elmore, III,
Trustees under the Will of Derrill G. Elmore
c/o Derrill G. Elmore, Jr.
3414 Ridgecrest Drive
Flower Mound, TX 75022

Katherine Hartig Elmore, Derill G. Elmore, Jr., and Frank H. Elmore, III,
Trustees under the Will of Derrill G. Elmore
c/o Derrill G. Elmore, Jr.
616 Cotton Exchange Blvd
Dallas, TX 75201

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Trustees under the Will of Derrill G. Elmore
Derrill G. Elmore, Jr.
400 Elenburg Rd. Perrin, TX 76486

Elizabeth Raymond a/k/a Betsy Raymond
13357 Forest River Drive SE
Lowell, MI 49331

Frederic D. Brownell
11703 Neering Drive
Dallas, TX 75218

William S. Deniger, Jr.
4061 Mawr Drive
Dallas, TX 75225

William S. Deniger, Jr.
6432 Walnut Hill Lane
Dallas, TX 75230

David B. Deniger
3730 Armstrong Avenue
Dallas, TX 75205

David B. Deniger
3704 Cragmont Ave
Dallas, TX 75205

David B. Deniger
16479 Dallas Parkway, Suite 400
Addison, TX 75001

John T. McCall, Jr.
6641 Wakefield Drive, Apt. 513
Alexandria, Virginia 22307

Thomas Screven McCall, SSP
4913 Pine Knoll Drive
Tyler, Texas 75703

SDH 2009 Investments, L.P.
2906 University Blvd.
Dallas, Texas 75205

The Allar Company
P.O. Box 1567
Graham, Texas 76450

Bertha C. McCall and Belmont Trust
Company, Co-Trustees of the Hobby H.
McCall Living Trust
25 St. Laurent Place
Dallas, Texas 75225

Randolph D. McCall
3204 Drexel
Dallas, Texas 75205

Rebecca McCall Landis Baird, SSP
332 East Terra Alta
San Antonio, Texas 78209

Nuevo Seis Limited Partnership
P.O. Box 2588
Roswell, New Mexico

Barbara E. Hannifan, SSP
P.O. Box 182
Roswell, New Mexico 88202

Texas Vanguard Oil Company
P.O. Box 50820
Midland, Texas 79710

Mrs. Mary Hampton Elliot
00 Logan Knapp
2755 Shadowdale Drive
Houston, TX 77043

Joe J. Wallace and wife, Patricia Wallace
111 Ellis St, 5" Floor
San Francisco, CA 94102

Mary Iva Campbell Trust,
Carol Anne Crook Kryder, Trustee
5927 Hillcrest Avenue
Dallas, Texas 75205

Baloney Feathers, Ltd.
P.O. Box 1586
Lubbock, Texas 79403

Richard D. Jones, Jr.
200 North Gaines Road
Cedar Creek, Texas 78612

Southard Properties, Ltd., whose Sole
General Partner is Southard Management Co.
1101 Scott Street, Suite 17
Wichita Falls, Texas 76301

ChivoOil, LLC
P.O. Box 3061
Midland, Texas 79702

Paul Davis, Ltd.
P.O. Box 871
Midland, Texas 79702

Gene L. Dalmont, SSP
1498 Scipio Lane
McAlester, OK 74501

Gene L. Dalmont, SSP
Route 1 Box 193
McAlester, OK 74501

Estate of Catherine H. Ragsdale c/o Douglass Nichols
4713 Chiappero Trail
Austin, TX 78731

Peter B. Tyson, SSP
c/o Tyson Properties, LLC
P.O. Box 3786
Midland, TX 79702

CASE NO. 15112 : **Application of COG Operating LLC for a non-standard spacing and proration unit, compulsory pooling and a non-standard location, Lea County, New Mexico.** COG requests a hearing at 8:15 a.m. on _____, 2014, to consider this application. Applicant seeks an order from the Division: (1) authorizing a non-standard location; (2) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 8, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Tomcat Fee Com. Well No. 1H, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the 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 22 miles west of Hobbs, New Mexico.