

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

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

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RECEIVED OGD
CASE NO. 75205

APPLICATION

COG Operating, LLC, (“COG”) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) creating a 160-acre spacing and proration unit comprised of the W/2W/2 of Section 23, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation (Corbin; Bone Spring South Pool) underlying this acreage. In support of this application, COG states:

1. COG Operating, LLC (OGRID No. 229137) is a working interest owner in the W/2W/2 of Section 23 and has the right to drill thereon.
2. COG proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed Scooter Federal Com 1H Well, which will be horizontally drilled from a surface location 190 feet from the North line and 460 feet from the West line (Unit D) to a bottom hole location 330 feet from the South line and 380 feet from the West line (Unit M) of Section 23. The completed interval for this well will comply with the Division’s setback requirements.

3. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

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 equitable share of the oil and gas reserves underlying the subject lands, all mineral interests in this non-standard spacing unit should be pooled and COG Operating, LLC should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 2, 2014, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 160-acre non-standard spacing and proration unit in the Bone Spring formation, comprised of the W/2W/2 of Section 23;
- B. Pooling all mineral interests in the non-standard spacing and proration unit;
- C. Designating COG Operating, LLC operator of this non-standard spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing COG to recover its costs of drilling, equipping and completing the well;
- E. 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

- F. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC

CASE 16205

Application of COG Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre spacing and proration unit comprised of the W/2W/2 of Section 23, Township 18 South, Range 33 East, NMPM, Lea County, and (2) pooling all mineral interests in the Bone Spring formation (Corbin; Bone Spring South Pool) underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Scooter Federal Com 1H Well**, which will be horizontally drilled from a surface location 190 feet from the North line and 460 feet from the West line (Unit D) to a bottom hole location 330 feet from the South line and 380 feet from the West line (Unit M) of Section 23. The completed interval for this well will comply with the Division's setback requirements. Also to be considered will be the costs of drilling and completing said well, the allocation of the costs thereof, 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 8 miles Southwest of Buckeye, New Mexico.