

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

**APPLICATION OF COG OPERATING LLC
FOR APPROVAL OF A 640-ACRE NON-STANDARD
PROJECT AREA COMPRISED OF ACREAGE
SUBJECT TO A PROPOSED STATE COMMUNITIZATION
AGREEMENT, LEA COUNTY, NEW MEXICO.**

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CASE NO. 15310

APPLICATION

COG Operating LLC (“COG”) through its undersigned attorneys, files this application with the Oil Conservation Division for an order approving a 640-acre non-standard project area comprised of acreage subject to a proposed state Communitization Agreement covering all of Section 27, Township 21 South, Range 33 East, NMPM Lea County, New Mexico. In support of this application, COG states:

1. COG (OGRID No. 229137) is the only working interest owner in two state lease covering Section 27, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico.

2. COG has drilled or is in the process of drilling three wells in Section 27: The Pygmy 27 State 1H (currently dedicated to the W/2 W/2 of Section 27), the Pygmy 27 State 2H (currently dedicated to the E/2 W/2 of Section 27) and the Pygmy 27 State 3H (currently dedicated to the W/2 E/2 of Section 27). COG also has plans to drill the Pygmy 27 State 4H in the E/2 E/2 of Section 27. All of these wells have been placed in the WC-025 G-06 S213323S; Bone Spring Pool (Pool Code 97929) which is subject to the Division’s general statewide rules for oil development.

3. COG seeks to minimize the surface disturbance by consolidating the surface facilities for the Section 27 wells at a single location. The New Mexico State Land Office has informed COG it will allow a single Communitization Agreement covering all of Section 27, but that for administrative purposes the wells drilled in Section 27 must be dedicated to the entire Section.

4. In order to dedicate the existing and future wells in Section 27 to the acreage subject to the proposed Communitization Agreement, Application requires approval from the Division to treat Section 27 as a single project area.

5. Division Rule 19.15.16.7.L recognizes a state exploratory unit and a participating area within a federal unit as an approved "project area" for purposes of efficient horizontal well development. However, this rule currently does not expressly recognize a communitized area as a "project area" for horizontal well development.

6. Approval of the proposed 640-acre communitized area as a single project area will allow COG to efficiently locate surface facilities and minimize surface disturbances in a manner similar to that currently allowed for state exploratory units and participating areas within federal units.

7. Approval of the proposed 640-acre communitized area as a single project area is consistent with the intent of a "project area" expressed in Rule 19.15.16.7.L(2).

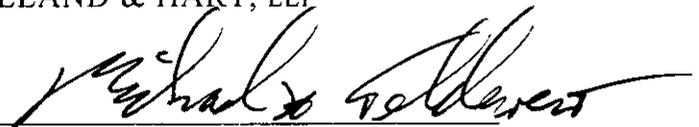
8. Pursuant to Rule 19.15.16.15.E, COG will provide notice of this application to the affected persons in the 40-acre spacing units that adjoin the proposed 640-acre project area.

9. Approval of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 28, 2015, and that after notice and hearing as required by law, the Commission enter its order granting this application.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC.

CASE 15310:

Application Of COG Operating LLC For Approval Of A 640-Acre Non-Standard Project Area Comprised Of Acreage Subject To A Proposed State Communitization Agreement, Lea, New Mexico. Applicant in the above-styled cause seeks an order approving a 640-acre non-standard project area in the Bone Spring formation comprised of acreage subject to a proposed state communitization agreement covering all of Section 27, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. This acreage has been placed in the WC-025 G-06 S213323S; Bone Spring Pool (Pool Code 97929) and is subject to the Division's general statewide rules for oil development. The subject acreage is located approximately 22 miles west of Eunice, New Mexico.