

April 12, 2011

**HAND-DELIVERED**

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

*Case 14644*

RECEIVED OGD  
2011 APR 12 P 2:25

**Re: Application of COG Operating, LLC for compulsory pooling,  
Eddy 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 a legal advertisement. COG Operating, LLC requests that this matter be placed on the docket for the May 12, 2011 Examiner hearings.

Sincerely,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

cc: Brandon Gaynor

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

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

CASE NO. 14644

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 uncommitted mineral interests in all formations from a true vertical depth 650 feet to 5000 feet in the SW/4 NW/4 (Unit E) of Section 30, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico in all formations and/or pools developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Northeast Redlake Glorieta Yeso Pool. In support of its application, COG states:

1. COG is a working interest owner in the SW/4 NW4 of Section 30 and has the right to drill thereon.
2. COG proposes to dedicate the above-referenced spacing or proration unit to its Maple State Well No. 11 to be drilled 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 30 and its Maple State Well No. 12 to be drilled 2150 feet from the North line and 990 feet from the West line of Section 30 (Unit E).
3. COG has sought and been unable to obtain voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are identified on Exhibit A to this application.

4. Said 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 should be pooled, and COG Operating, LLC should be designated the operator of the wells to be drilled.

WHEREFORE, COG Operating, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 12, 2011 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating COG Operating, LLC operator of the unit and the wells to be drilled thereon,
- C. authorizing COG Operating, LLC to recover its costs of drilling, equipping and completing the wells,
- 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,  
HOLLAND & HART LLP

By: Ocean Munds-Dry y

Ocean Munds-Dry  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505)988-4421

ATTORNEYS FOR COG OPERATING, LLC

**EXHIBIT A**

**APPLICATION OF  
COG OPERATING, LLC  
FOR COMPULSORY POOLING  
SW/4 NW/4 OF SECTION 30, TOWNSHIP 17 SOUTH, RANGE 28 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.**

Lime Rock Resources A, LP  
1111 Bagby Street, Suite 4600  
Houston, TX 77002

CASE 14644:

**Application of COG Operating, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from 650 feet to 5000 feet (TVD) underlying the SW/4 NW/4 of Section 30, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico for all formations and/or pools developed on 40-acre spacing within this vertical extent including but not limited to the Northeast Red Lake Glorieta Yeso Pool. This unit will be dedicated to the Maple State Well No. 11 to be drilled 1650 feet from the North line and 330 feet from the West line of Section 30 and its Maple State Well No. 12 to be drilled 2150 feet from the North line and 990 feet from the West line of Section 30. Also to be considered will be the cost of drilling and completing said wells 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 wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 12 miles east of Artesia, New Mexico.