

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Cabinet Secretary

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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order CTB-655
Administrative Application Reference No. pUNK1221937166
August 31, 2012

COG Operating, LLC
Attention: Brian Maiorino

RE: Surface Commingling

Reference is made to your administrative application received on July 26, 2012.

It is our understanding that you propose to commingle production from diversely owned lands, limited to one common source of supply, through facilities operated by the above named operator ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 19.15.12.10.C(4) NMAC. It is further understood that you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to surface commingle oil production from the Wildcat; Abo-Wolfcamp Pool (Pool Code 97715) from the following wells and completions located within Chaves County, New Mexico:

Leo 3 Federal Com. Well No. 1 (API No. 30-005-29119), SHL 660 FSL & 430 FEL, Unit letter P, BHL 618 FSL & 365 FWL, Unit letter M; both in Section 3, T15S, R31E, NMPM (160-acre oil, horizontal well project area)

Leo 3 Federal Com. Well No. 2 (API No. 30-005-29120), SHL 1980 FSL & 430 FEL, Unit letter I, BHL 1980 FSL & 330 FWL, Unit letter L; both in Section 3, T15S, R31E, NMPM (160-acre oil, horizontal well project area)

It is our understanding that production from both wells is diversely owned. Production will be allocated by metering.

Off lease storage and sale is approved. The oil from these wells will be measured and sold at the central battery near Well No. 1 in Unit letter P of Section 3.

This installation shall be constructed and operated in accordance with applicable Division Rules.

The operator shall notify the Hobbs District office of the Division prior to implementation of commingling operations. It is the also responsibility of the operator to notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the United States Bureau of Land Management.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,



JAMI BAILEY
Division Director

JB/db

cc: Oil Conservation Division – Hobbs
United States Bureau of Land Management