

State of New Mexico  
Energy, Minerals and Natural Resources Department

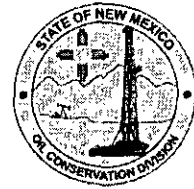
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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**David R. Catanach, Division Director**  
Oil Conservation Division



February 3, 2015

COG Operating LLC  
Attn: Ms. Mayte Reyes

ADMINISTRATIVE NON-STANDARD PRORATION UNIT

**Administrative Order NSP-2020**  
**Administrative Application Reference No. pMAM1503446179**

**COG Operating LLC**  
OGRID 229137

**Merlin State Com. Well No. 1H**  
**API No. 30-025-41590**

**Proposed Location:**

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1130 FSL & 1650 FWL	N	29	21S	34E	Lea
Penetration Point	723 FSL & 1659 FWL	N	32	21S	34E	Lea
Terminus	353 FSL & 2069 FWL	N	32	21S	34E	Lea

**Proposed Project Area:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SE/4 SW/4 of Section 29, and E/2 W/2 of Section 32	40 160	WC-025 G-07 S213430M; Bone Spring	97962

Reference is made to your application received on February 3, 2015.

You have requested to drill this well at a non-standard oil spacing and proration unit described above in the referenced pool or formation. This proration unit is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because a portion of the project area is non-standard.

Units Comprising this Project Area

Unit	Acres	Pool	Code
SE/4 SW/4 of Section 29	40	WC-025 G-07 S213430M;Bone Spring	97962
E/2 W/2 of Section 32	160	WC-025 G-07 S213430M;Bone Spring	97962

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 200-acres, consisting of the entire area described above as the Subject Unit or Project Area.

It is our understanding that you are seeking this location because the NE/4 SW/4 of Section 29 is dedicated to the Osprey 20 State Com Well No. 3H and Osprey 20 State Com Well No.7H wells Non-Standard proration unit. As a result, no acreage is stranded.


It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on February 3, 2015

  
DAVID R. CATANACH  
Director

DC/mam

cc: New Mexico Oil Conservation Division – Hobbs  
New Mexico State Land Office - Oil, Gas, and Minerals