

HOLLAND & HART^{LLP}



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January 10, 2005

HAND-DELIVERED

Mark Fesmire, Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 13407

2005 JAN 10 PM 3 26

**Re: Application of COG Operating LLC for compulsory pooling, Lea
County, New Mexico.**

Dear Mr. Fesmire:

Enclosed in triplicate is an Application of COG Operating LLC in the above-referenced case as well as a copy of a legal advertisement. COG respectfully requests that this matter be placed on the docket for the February 3, 2005 Examiner hearings.

Your attention to this request is appreciated.

Sincerely,

Michael H. Feldewert
Attorney for COG Operating LLC

Enclosures

cc: Michael M. Gray
COG Operating LLC

Holland & Hart^{LLP}

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

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

CASE NO. 13407

2005 JAN 10 PM 3

APPLICATION

COG OPERATING LLC ("COG"), through its undersigned attorneys, ~~by~~ hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the W/2 of Section 4, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the undesigned Lusk North Morrow Pool. In support of this application COG states:

1. COG is a working interest owner in the W/2 of Section 4 and has a right to drill thereon.
2. COG proposes to dedicate the above-referenced spacing or proration unit to the Valhalla "4" Federal Com Well No. 1, to be drilled at a standard location in the NW/4 NW/4 (Unit D) of Section 4 to test the Morrow formation at a depth of approximately 13,100 feet.
3. COG has sought and been unable to obtain a voluntary agreement for the development of these lands from the following interest owner:

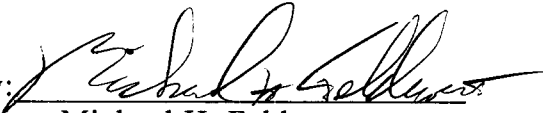
ChevronTexaco
11111 South Wilcrest Drive
Houston, Texas 77099-4310
Attn. Janette L. Lorenz

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 the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and COG should be designated the operator of the well.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 3, 2005 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 operator of the unit and the well to be drilled thereon,
- C. authorizing COG to recover its costs of deepening, equipping and re-completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision to adjust the rates pursuant to the COPAS accounting procedures, and
- E. imposing the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in the drilling of this well.

Respectfully submitted,
HOLLAND & HART, LLP

By: 

Michael H. Feldewert
P.O. Box 2208
Santa Fe, NM 87504
Telephone: (505) 988-4421

**ATTORNEY FOR COG
OPERATING, LLC**

CASE 13407:

Application of COG Operating, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Morrow formation underlying the W/2 of Section 4, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the undesignated Lusk North Morrow Gas Pool. This unit is to be dedicated to the Valhalla "4" Federal Com No. 1 Well, to be drilled at a standard location in NW/4 NW/4 (Unit D) of said Section 4 to test the Morrow formation at a depth of approximately 13,100 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 11 miles south of Maljamar.