

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

REOPEN CASE No. 14795
and

APPLICATION TO AMEND ORDER R-13535 TO
COMPULSORY POOL ADDITIONAL MINERAL INTERESTS
IN THE APPROVED SPACING AND PRORATION UNIT,
AND TO CHANGE THE WELL DEDICATED TO
THE APPROVED UNIT, EDDY COUNTY, NEW MEXICO.

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OIL CONSERVATION DIVISION

CASE NO.14795

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 additional mineral interests in the Penasco Draw-San Andres-Yeso Associated Pool (Pool Code 50270) underlying the 160-acre oil spacing and proration unit created under Division Order R-13535 consisting of the E/2 E/2 of Section 31, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico and to dedicate the **Falabella 31 Fee 8H Well** to the unit. In support of its application, COG states:

1. Under Division Order R-13535 entered April 11, 2012, the Division created a 160-acre non-standard spacing and proration unit in the Penasco Draw-San Andres-Yeso Associated Pool (Pool Code 50270) consisting of the E/2 E/2 of Section 31, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico and pooled the uncommitted mineral interest in this spacing and proration unit (“the Unit”).

2. Under Order R-13535, the Unit is dedicated to COG's proposed Falabella 31 Fee Well No. 4H, which has not yet been drilled and is subject to an approved extension of time to commence drilling until April 15, 2014.

3. COG now proposes to dedicate the Unit to its proposed **Falabella 31 Fee 8H Well** which will be horizontally drilled from a surface location in the SE/4SE/4 (Unit P) to a standard bottom hole location in the NE/4NE/4 (Unit A) of Section 31. The completed interval for this well will commence in the SE/4SE/4 (Unit P) of Section 31 and remain within the 330-foot standard offset required by the Special Pool rules for the Penasco Draw-San Andres-Yeso Associated Pool (R-5353).

4. Since the entry of Order R-13535, COG has discovered additional mineral interests in the Unit that were not notified and pooled under Case No. 14795.

5. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the Unit, some of which were not known at the time Order R-13535 was entered, are not locatable, or currently have unmarketable title.

6. The pooling of these additional mineral interests under the terms of Division Order R-13535 will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. In order to permit COG to obtain its just and fair share of the oil and gas underlying the Unit, all remaining uncommitted mineral interests in the Unit should be pooled pursuant to the terms of Division Order R-13535.

WHEREFORE, COG Operating LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 6, 2014, and,

after notice and hearing as required by law, the Division amend Division Order R-13535 to compulsory pool all remaining uncommitted mineral interest owners in the Unit pursuant to the terms of that existing Order.

Respectfully submitted,

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CASE 14795 (re-opened): Application To Amend Order R-13535 To Compulsory Pool Additional Mineral Interests In The Approved Spacing And Proration Unit, And To Change The Well Dedicated To The Unit, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-13535 to include the pooling of additional mineral interests in the Penasco Draw-San Andres-Yeso Associated Pool (Pool Code 50270) underlying the 160-acre oil spacing and proration unit created under Division Order R-13535 consisting of the E/2 E/2 of Section 31, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Said unit is to now be dedicated to applicant's proposed **Falabella 31 Fee 8H Well**, which will be horizontally drilled from a surface location in the SE/4SE/4 (Unit P) to a standard bottom hole location in the NE/4NE/4 (Unit A) of Section 31. The completed interval for this well will commence in the SE/4SE/4 (Unit P) of Section 31 and remain within the 330-foot standard offset required by the rules. Said area is located approximately 17 miles north of Carlsbad, New Mexico.