

1. **CASE 14699: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit F of Section 36, T-17S, R27-E. The Applicant proposes to drill the Kiowa State #1 well at 1,665' FNL and 2,205' FWL, or other legal location, within Unit F (SENW) to a depth of approximately 4,850 feet below ground level to test the Blinberry/Paddock Formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling the well. The proposed well and lands are located approximately ten miles east and three miles south of Artesia, New Mexico.
2. **CASE 14700: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R-27E. The Applicant proposes to directionally drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SW/4 NE/4) to a depth of approximately 4,850 feet below ground level to test the Blinberry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling the well. The proposed well and lands are located approximately ten miles east and three miles south of Artesia, New Mexico.
3. **CASE 14662: (Rehearing)**
Application of OGX Resources LLC for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. OGX Resources LLC seeks an order approving a 126-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lots 1-4 and the south 34 acres of the N/2 N/2 of Section 32, Township 26 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Sidewinder Well No. 1, a horizontal well with a surface location in Lot 1, and a terminus in Lot 4, of Section 32. Also to be considered will be the cost of drilling and completing the 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 a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 1-1/2 mile east of the intersection of U.S. Highway 285 with the Texas state line.
4. **CASE 14701: Application of Lime Rock Resources A, L.P. for lease commingling, Eddy County, New Mexico;** Applicant seeks an exception to Rule 19.15.5.303A NMAC to authorize the surface commingling of production from the Empire Glorieta Yeso Pool originating from its wells located on State of New Mexico Oil and Gas Leases B-6251, B-5862, and LG-6340 collectively comprise the S/2 of Section 24, Township 17, South, Range 28 East, N.M.P.M. Applicant also seeks an exception to the metering requirements of Rule 19.15.5.303B(4)(a) NMAC to authorize the allocation of production from these diversely-owned wells on the basis of periodic well tests. All production from these wells is to be stored at the AID 24 State No.7-9 and AID 24 State Tank Batteries, located in the S/2 of Section 24. The leases and wells are located approximately 6 miles west of Loco Hills, New Mexico.
5. **CASE 14671: (amended and readvertised) (Continued from the July 7, 2011 Examiner Hearing.)**
Application of Apache Corporation for approval of a unit agreement, Lea County, New Mexico: Applicant seeks approval of the Unit Agreement for the South Pacific State Exploratory Unit Area, comprising 2560 acres of state lands covering all or part of Sections 5, 8, 9, 16, and 17, Township 12 South, Range 36 East, NMPM. The proposed unit area is centered approximately 2 miles North-Northwest of Tatum, New Mexico.
6. **CASE 14690: (amended and readvertised)**
Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2N/2 of Section 17, Township 19 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Bone Spring formation underlying the NW/4NW/4 of Section 17 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the N/2N/2 of Section 17 to form a non-standard 160 acre oil spacing and proration unit (project area), for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Spyglass 17 Fed. Well No. 2, a horizontal well with a surface location in the NW/4NW/4, and a terminus in the NE/4NE/4, of Section 17. Also to be considered will be the cost of drilling and completing the 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 a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 14 miles south-southeast of Maljamar, New Mexico.
7. **CASE 14702: Application of JTD Resources, LLC for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 4, Township 20 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit is to be dedicated to the Collins Heirs Well No. 1, to be located at an orthodox location in the NE/4 SW/4 of Section 4. Also to be considered will be the cost of drilling and completing the well and the allocation

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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. 14700

APPLICATION

COG OPERATING LLC (COG), by and through its counsel, Beatty & Wozniak, P.C., hereby makes application pursuant to the OCD Rules and NMSA 1978 Section 70-2-17 (1995) for an order providing the following:

Pooling all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R27-E.

In support of the Application COG states:

1. COG owns certain working interests in and under the approximately 40-acre spacing unit in Section 36 as described above and has the right to drill there.
2. COG proposes to drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SWNE) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area.
3. COG does not have leases or agreements for voluntary pooling or farmouts from certain other interests owners in the above referenced depths below Unit G located as described above.
4. In order for COG to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and COG should be designated by the Oil Conservation Division as the operator of the well.
5. The pooling of mineral interests will provide the opportunity for COG to produce its just and fair share of the oil or gas, or both, avoid the drilling on unnecessary wells, protect correlative rights and prevent waste.

WHEREFORE, COG requests that this application be set for hearing on August 4, 2011, or as it may be continued, before the OCD Hearing Examiners, or at a special hearing date to be

determined, and that after notice and hearing as required by law and OCD Rules, the Division enter its Order approving the pooling of the lands described above into one spacing or proration unit, including provisions for COG to recover its well costs including the reasonable costs of drilling, reworking, diverting, deepening, plugging back, testing, completing, recompleting and equipping the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk COG assumes in drilling, equipping and completing the well, and making such other and further provisions as may be appropriate.

Respectfully submitted this 29th day of June, 2011.

Beatty & Wozniak, P.C.

A handwritten signature in black ink, appearing to read 'Carol Leach', written over a horizontal line.

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COUNSEL FOR COG OPERATING LLC

Case No. 470⁰: Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order for the compulsory pooling of all interests in those depths from 2,000 feet below the surface of the earth to 5,000 feet below the surface within Unit G of Section 36, T-17S, R27-E. The Applicant proposes to directionally drill the Kiowa State # 3 well at a surface hole location of 1,425' FNL and 1,520' FWL, or other legal location, within Unit G (SWNE) to a depth of approximately 4,850 feet below ground level to test the Blinbry/Paddock Formations. The bottom hole location is proposed at 1,650' FNL and 1,650' FEL, or other legal location within Unit G. The producing interval of the well will be entirely within the producing area. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, the actual operating costs, charges for supervision, designation of COG Operating LLC as operator and a charge for the risk involved in drilling the well. The proposed well and lands are located approximately ten miles east and three miles south of Artesia, New Mexico.