

May 24, 2011

HAND-DELIVERY

Ms. Jami Bailey, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14670

RECEIVED OOD
2011 MAY 24 P 4:40

Re: Application of COG Operating, LLC for the creation of a new pool, special pool rules and the contraction of the Grayburg Jackson pools, Eddy County, New Mexico.

Dear Ms. Bailey:

Enclosed in triplicate is the Application of COG Operating, LLC in the above-referenced case as well as a copy of the legal advertisement. COG requests that this matter be placed on the Hearing Examiner Docket scheduled for June 23, 2011.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: David Evans

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

**APPLICATION OF COG OPERATING LLC FOR THE CREATION OF A NEW POOL,
SPECIAL POOL RULES AND CONTRACTION OF THE GRAYBURG JACKSON
POOL WITHIN THE BURCH KEELY UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO.: 14670

APPLICATION

COG Operating, LLC ("Concho"), through its undersigned attorneys, hereby makes application for an order creating a new pool, establishing special rules and regulations for the new pool and contracting the Grayburg Jackson pool and in support thereof, states as follows:

1. Concho is the designated operator of the Burch Keely Unit which consists of the following acreage:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 12:	SE/4 SE/4
Section 13:	All
Section 23 through 26:	All

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Sections 18 and 19:	All
Section 30:	All

2. The Grayburg Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool was created by Division Order No. 850, dated January 1, 1950 and currently covers the following lands:

Township 16 South, Range 29 East, NMPM

Section 31:	S/2 S/2
Section 32:	W/2

Section 33: S/2, NE/4

Township 16 South, Range 31 East, NMPM

Section 24: E/2

Section 25: NE/4

Section 35: All

Section 36: N/2, SW/4, W/2, SE/4 SE/4

Township 16 South, Range 32 East, NMPM

Section 19: W/2

Section 30: NE/4

Section 31: N/2

Township 17 South, Range 28 East, NMPM

Section 1: E/2

Township 17 South, Range 29 East, NMPM

Section 3: SW/4NW/4

Sections 4 & 5: All

Section 6: SE/4

Section 7: E/2

Section 8: All

Section 9: N/2, SW/4, NE/4 SE/4

Section 12: SE/4 SE/4

Section 13: All

Section 15: NW/4, E/2 SW/4

Section 17: E/2

Section 19: SE/4

Sections 20, 23-26: All

Section 27: N/2, SE/4, E/2 SW/4

Section 29: All

Section 31: S/2 SE/4

Section 32: All

Section 33: N/2, SE/4, N/2 SW/4

Section 34: All

Section 35: N/2, SE/4, N/2 & SE/4 W/4

Section 36: NW/4, N/2, SW/4 NE/4

Township 17 South, Range 30 East, NMPM

Section 7: SE/4

Section 8: S/2 SW/4, E/2

Section 9: S/2

Section 10: S/2

Section 11: W/2, W/2 E/2, E/2 SE/4

Section 12: NE/4

Sections 13 -28: All

Section 29: N/2

Sections 30, 33-36: All

Township 17 South, Range 31 East, NMPM

Sections 1-11: All

Sections 14 -23: All

Section 26: N/2, N/2 S/2

Section 27: N/2

Sections 28-30: All

Section 31: N/2

Section 32: N/2 N/2

3. In Order No. R-10067-B, dated February 1, 2011, the Division vertically extended the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool to correspond with the Unitized Formation of the Burch Keely Unit which is from the top of the Seven Rivers formation to depth of 5,000 feet below the surface.

4. The vertical limits of this pool has become unworkable due to Concho's primary and secondary recovery efforts inside the Burch Keely Unit boundaries. Also, the statewide allowable is not sufficient to effectively and efficiently drain the Yeso formation.

5. Therefore, Concho seeks to create a new pool within the horizontal and vertical limits of the Burch Keely Unit as follows:

a. The creation of a new pool which would extend from the top of the Glorieta formation to a depth of 5,000 feet below the surface. Within this new Yeso pool, Concho also seeks special rules and regulations that allow for a depth bracket allowable of 300 barrels of oil a day and no limiting gas-oil ratio. All other rules shall be in conformance with statewide rules.

6. Accordingly, Concho seeks the vertical contraction of the Grayburg Jackson pool within the Burch Keely to vertically extend from the top of the Seven Rivers to the top of the Glorieta.

7. The granting of this application is in the interests of conservation, the prevention of waste and the protection of correlative rights.

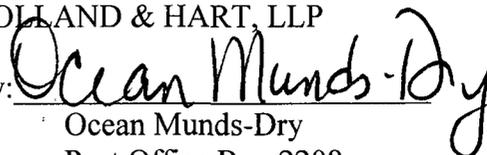
8. Notice of this application has been given to all division-designated operators in the pool and division-designated operators of wells within the same formation as the pool within one mile of the pool's outer boundary as shown on Exhibit A.

WHEREFORE, COG Operating LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 23, 2011, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By:



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Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421 Telephone

(505) 983-6043 Facsimile

ATTORNEYS FOR COG OPERATING LLC

EXHIBIT A
COG OPERATING LLC
APPLICATION FOR CREATION OF A NEW POOL, SPECIAL POOL RULES AND THE
CONTRACTION OF THE GRAYBURG JACKSON POOL

ALAMO PERMIAN RESOURCES, LLC
Attn: Land Manager
415 W. Wall Street, Suite 500
Midland ,TX 79701

CLAYTON WILLIAMS ENERGY INC
Attn: Gregory Welborn, VP of Land
6 DESTA DR STE 3000
MIDLAND ,TX 79705

ASHER ENTERPRISES LTD. CO.
Attn: Kellye L. Jones
12808 LORIEN WAY
OKLAHOMA CITY ,OK 73170

ENDURANCE RESOURCES LLC
Attn: Land Manager
15455 Dallas Parkway Suite 600
Addison ,TX 75234

BC OPERATING, INC.
Attn: Michael E. Black, President
P O Box 50820
Midland ,TX 79710

FINNEY OIL COMPANY
Attn: Land Manager
PO BOX 1569
ARTESIA ,NM 882111569

BURNETT OIL CO INC
Attn: David Rhodes, Land Manager
801 CHERRY ST STE 1500, Unit #9
FT WORTH ,TX 76102

FOREST OIL CORPORATION
Attn: Bruce Rush
707 17TH ST SUITE 3600
DENVER ,CO 80202

CAMERON OIL & GAS INC
Attn: Land Manager
PO BOX 1456
ROSWELL ,NM 882021456

FREEDOM ENERGY LLC
Attn: Land Manager
R649 N. 13th St.
Lake Arthur ,NM 88253

CBS OPERATING CORP
Attn: Land Manager
PO BOX 2236
MIDLAND ,TX 79702

GERONIMO SWD LLC
Attn: Land Manager
P.O. Box 568
Artesia ,NM 88210

CFM OIL, LLC
Attn: Land Manager
PO BOX 1176
ARTESIA ,NM 88210

KERSEY & COMPANY
Attn: Land Manager
PO BOX 1248
FREDERICKSBURG ,TX 78624

CIMAREX ENERGY CO. OF COLORADO
Attn: Jeff Gotcher
600 N. Marienfeld St Suite 600
Midland ,TX 79701

LINN OPERATING, INC.
Attn: Land Manager
600 Travis Street Suite 5100
Houston ,TX 77002

MACK ENERGY CORP
Attn: Travis Lanning
PO Box 960 11352 Lovington Hwy
Artesia ,NM 88211

MARKS AND GARNER PRODUCTION LTD CO
Attn: Land Manager
P.O. Box 1089
Hobbs ,NM 88241

NADEL AND GUSSMAN PERMIAN, LLC
Attn: Melissa Randle
601 N MARIENFELD SUITE 508
MIDLAND ,TX 79701

PREMIER OIL & GAS INC
Attn: Land Manager
PO BOX 1246
ARTESIA ,NM 88210

QUANTUM RESOURCES MANAGEMENT, LLC
Attn: Land Manager
1401 McKinney St Suite 2400
Houston ,TX 77010

SANDRIDGE EXPLORATION AND PRODUCTION, LLC
Attn: Parker Neal
123 Robert S. Kerr Ave
Oklahoma City ,OK 73102

SOUTHERN BAY OPERATING, L.L.C.
Attn: Land Manager
110 Cypress Station Dr., #220
Houston ,TX 77090

SOUTHWEST ROYALTIES INC
Attn: Randy Howard
6 DESTA DRIVE SUITE 2100
MIDLAND ,TX 79705

SYNERGY RESOURCES
Attn: Land Manager
2106 W CENTRE AVE
ARTESIA ,NM 88210

TANDEM ENERGY CORPORATION
Attn: Land Manager
11490 Westheimer Rd, Ste 1000
Houston ,TX 77077

THREE RIVERS OPERATING COMPANY LLC
Attn: Tim Kane, Land Manager
1122 S. Capital of Texas Hwy Suite 325
Austin ,TX 78746

TOM R CONE
Attn: Land Manager
1304 W BROADWAY PL
HOBBS ,NM 88240

WESTBROOK OIL CORP
Attn: Land Manager
PO BOX 2264
HOBBS ,NM 88241

YATES PETROLEUM CORPORATION
Attn: Chuck Moran
105 S 4TH ST
ARTESIA ,NM 88210

YESO ENERGY, INC.
Attn: Gene Lee
P.O. Box 8280 3103 Yeso
Roswell ,NM 88202

CASE NO. 14670 Application of COG Operating LLC for the creation of a new pool, special pool rules and the contraction of the Grayburg Jackson pool within the Burch Keely Unit, Eddy County, New Mexico. Applicant seeks an order establishing a new pool within the Burch Keely Units that extends from the top of the Glorieta formation to a depth of 5,000 feet from the surface. Within the new Yeso pool, Concho seeks special rules allowing for a depth bracket allowable of 300 barrels of oil per day and no limiting gas:oil ratio. Concho also seeks the contraction of the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres Pool within the Burch Keely unit to vertically extend from the top of the Seven Rivers formation to the top of the Glorieta formation. The pools are located approximately 12 miles east of Artesia, New Mexico and 17 miles west of Lovington, New Mexico.