

HOLLAND & HART^{LLP}



Adam G. Rankin
Associate
Phone 505-954-7294
Fax 505-983-6043
AGRankin@hollandhart.com

March 13, 2012

VIA HAND DELIVERY

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

Case 14818²

RECEIVED OGD
2012 MAR 13 PM 3:55

Re: Applications of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico

Dear Ms. Bailey:

Enclosed with this letter please find two Applications for Non-Standard Spacing and Proration Unit and Compulsory Pooling by COG Operating LLC ("Concho"), as well as a copy of the legal advertisements. Applicant requests that these matters be placed on the April 12, 2012, Examiner hearing docket.

Sincerely,

Adam G. Rankin
ATTORNEYS FOR COG OPERATING LLC

AGR
Enclosure

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ☏

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

**IN THE MATTER OF THE APPLICATION
OF COG OPERATING LLC FOR A NON-
STANDARD OIL SPACING AND PRORATION
UNIT AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. 14813 ²

RECEIVED
2012 MAR 13 PM 3:56

APPLICATION

COG Operating LLC ("Concho") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Yeso formation, comprised of the E/2 W/2 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Arabian 6 Fee No. 2H well, to be horizontally drilled from a surface location 150 feet from the South line and 1700 feet from the West line of said Section 6 (Unit N) to a bottom-hole terminus at a location 330 feet from the North line and 1700 feet from the West line of said Section 6 (Unit C). The completed interval for this well will be within the 330-foot standard offset required by the rules. In support of this application Concho states:

1. Concho is an interest owner in the subject lands and has the right to drill a well thereon.

2. Concho proposes to drill its Arabian 6 Fee No. 2H well to a depth sufficient to test the Yeso formation.

3. Concho seeks to dedicate the E/2 W/2 of said Section 6 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").

4. Concho has sought but been unable to obtain a voluntary agreement from all mineral interest owners in the Yeso formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Yeso formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Concho requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 12, 2012, and, after notice and hearing as required by law, the Division enter its order:

- A. Creating a non-standard oil spacing and proration unit ("project area") in the Yeso formation comprised of the E/2 W/2 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico;
- B. Pooling all mineral interests in the Yeso formation underlying this non-standard spacing and proration unit;
- C. Designating Concho as operator of this unit and the well to be drilled thereon;

- D. Authorizing Concho to recover its costs of drilling, equipping and completing the well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

HOLLAND & HART LLP

By 

Michael H. Feldewert

Adam G. Rankin

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

Phone: (505) 988-4421

Facsimile: (505) 983-6043

ATTORNEYS FOR COG OPERATING LLC

CASE

14813²

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Yeso formation, comprised of the E/2 W/2 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Arabian 6 Fee No. 2H well, to be horizontally drilled from a surface location 150 feet from the South line and 1700 feet from the West line of said Section 6 (Unit N) to a bottom-hole terminus at a location 330 feet from the North line and 1700 feet from the West line of said Section 6 (Unit C). The completed interval for this well will be within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 3 miles northwest of Lakewood, New Mexico.