



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL

Office: (505) 986-2646

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

RECEIVED OCD

2012 MAR 23 P 4: 03

March 23, 2012

Ms. Jami Bailey, Director
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

Hand-Delivered

Re: **NMOCD Case No. 14815: Application of COG Operating LLC for Designation of a Non-Standard Oil Spacing And Proration Unit, Non-Standard Project Area and for Compulsory Pooling, Eddy County, New Mexico**

Dear Ms. Bailey:

On behalf of COG Operating LLC, enclosed is an original and one copy of and Application in the above-referenced case. Please set this matter for hearing on the April 26, 2012 examiner docket. Also enclosed is a proposed advertisement for the case.

Very truly yours,

J. Scott Hall

JSH:kw
Enclosures

360245

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210
Albuquerque, New Mexico 87176-6210

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

RECEIVED OOD

2012 MAR 23 P 4: 03

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

CASE NO. 14815

APPLICATION

COG OPERATING LLC, by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rules 19.15.16.14 and 19.15.16.15 NMAC of the Division's Rules and regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the NW/4 NE/4 and N/2 NW/4 of Section 16, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico and designating the consolidated units as a 120-acre \pm non-standard oil spacing and proration unit in the Yeso formation, Mar Loco Glorieta-Yeso Pool (97866) for Applicant's non-standard horizontal drilling project area; and

B. Pooling all interests in the Yeso formation underlying the NW/4 NE/4 and N/2 NW/4 of Section 16.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 16, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Burkett 16 State No. 15H Well to be drilled horizontally from a surface location 330' from the North line and 1470' from the East line (Unit B) to a bottom hole location 330' from the North line and

330' from the West line (Unit D), and to its Burkett 16 State No. 16H Well to be drilled horizontally from a standard surface location 990' from the North line and 1470' from the East line (Unit B) to a bottom hole location 990' from the North line and 330' from the West line (Unit D) to a depth sufficient to test the Yeso formation underlying the proposed project area in Section 16. The Completed Intervals of both wells will be located within the Producing Area of the proposed Project Area.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-reference formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and the Applicant should be designated operator of the well.


5. The pooling of interests and approval of the non-standard spacing and proration unit and non-standard project area will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed hearing examiner of the Oil Conservation Division on April 26, 2012 and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit, the non-standard project area and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the wells, 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 assumed by the Applicant in drilling, completing and equipping the wells, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 

J. Scott Hall

Seth C. McMillan

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 – Telephone

(505) 982-4289 – Fax

shall@montand.com

smcmillan@montand.com

Attorneys for COG Operating LLC

359111-4

Case No. 14815; Application of COG Operating LLC for designation of a non-standard oil spacing and proration unit, non-standard project area and for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order consolidating the 40-acre spacing units within the NW/4 NE/4 and N/2 NW/4 of Section 16, Township 17 South Range 31 East, NMPM and designating the consolidated units as a 120-acre± non-standard oil spacing and proration unit for two wells in the Yeso formation, Mar Loco Glorieta-Yeso pool (97866) for Applicant's non-standard horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Yeso formation underlying the referenced lands to be dedicated to its Burkett 16 State No. 15H Well to be drilled horizontally from a surface location 330' from the North line and 1470' from the East line (Unit B) to a bottom hole location 330' from the North line and 330' from the West line (Unit D), and to its Burkett 16 State No. 16H Well to be drilled horizontally from a standard surface location 990' from the North line and 1470' from the East line (Unit B) to a bottom hole location 990' from the North line and 330' from the West line (Unit D) in Section 16. The completed intervals of both wells will be located within the producing area of the proposed project area. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator and a charge for risk involved in drilling the wells. The proposed wells and lands are located approximately 6 miles northeast of Loco Hills, New Mexico.

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

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

CASE NO. 14815

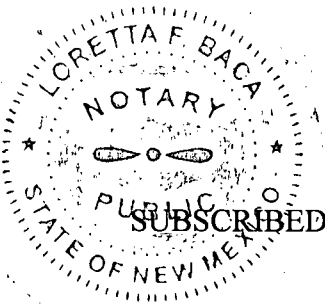
AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

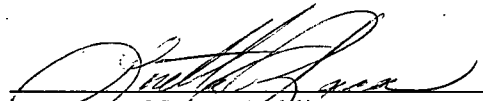
J. SCOTT HALL, attorney and authorized representative COG Operating LLC, the Applicant herein, being first duly sworn, upon oath, states that he sent copies of this Application to the parties as specified on the attached Exhibit A:



J. SCOTT HALL



SUBSCRIBED AND SWORN to before me this 25 day of April, 2012.



Notary Public

My Commission Expires: 1/11/15

NMOCD CASE NO. 14815
APRIL 26, 2012
COG EX. 9

EXHIBIT A

Total Petrochemicals USA, Inc.
c/o Total E&P USA, Inc.
P.O. Box 674411
Houston, Texas 77267-4411

Cross Border Resources, Inc.
Attn: Mr. Larry Risley
22610 US Highway 281 N., Suite 218
San Antonio, Texas 78258

Chisos, Ltd.
Attn: Ms. Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

ZPZ Delaware I LLC
c/o Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

Commissioner of Public Lands
New Mexico State Land Office
Post Office Box 1148
Santa Fe, NM 87504-1148



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J. Scott Hall
Office: (505) 982-3873
Email: shall@montand.com
Reply To: Santa Fe Office
www.montand.com

April 4, 2012

Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

Via Certified Mail
Return Receipt Requested

Re: NMOCD Case No. _____: Application of COG Operating LLC for Designation of a Non-Standard Spacing and Proration Unit, Non-Standard Project Area, and for Compulsory Pooling, Eddy County, New Mexico

Dear Sir or Madam:

This will advise that COG Operating LLC has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the NW/4 NE/4 and N/2 NW/4 of Section 16, Township 17 South Range 31 East, NMPM and designating the consolidated units as a 120-acre± non-standard oil spacing and proration unit for two wells in the Yeso formation, Mar Loco Glorieta-Yeso pool (97866) for Applicant's non-standard horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Yeso formation underlying the referenced lands to be dedicated to its Burkett 16 State No. 15H Well to be drilled horizontally from a surface location 330' from the North line and 1470' from the East line (Unit B) to a bottom hole location 330' from the North line and 330' from the West line (Unit D), and to its Burkett 16 State No. 16H Well to be drilled horizontally from a standard surface location 990' from the North line and 1470' from the East line (Unit B) to a bottom hole location 990' from the North line and 330' from the West line (Unit D) in Section 16. The completed intervals of both wells will be located within the producing area of the proposed project area. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator and a charge for risk involved in drilling the wells.

A copy of the Application for hearing is enclosed.

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Albuquerque, New Mexico 87176-6210

Apache Corporation
April 4, 2012
Page 2

This Application will be set for hearing before a Division Examiner on April 26, 2012, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement at least four business days before the scheduled hearing date in accordance with Division Rule 19.15.4.13.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH:kw
Enclosure

365210



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. Scott Hall

Office: (505) 982-3873

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

April 4, 2012

Chisos, Ltd.
670 Dona Ana Road SW
Deming, NM 88030

**Via Certified Mail
Return Receipt Requested**

Attn: Ms. Sue Ann Craddock

Re: NMOCD Case No. _____: Application of COG Operating LLC for Designation of a Non-Standard Spacing and Proration Unit, Non-Standard Project Area, and for Compulsory Pooling, Eddy County, New Mexico

Dear Ms. Craddock:

This will advise that COG Operating LLC has filed an Application with the New Mexico Oil Conservation Division for an order consolidating the 40-acre spacing units within the NW/4 NE/4 and N/2 NW/4 of Section 16, Township 17 South Range 31 East, NMPM and designating the consolidated units as a 120-acre± non-standard oil spacing and proration unit for two wells in the Yeso formation, Mar Loco Glorieta-Yeso pool (97866) for Applicant's non-standard horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Yeso formation underlying the referenced lands to be dedicated to its Burkett 16 State No. 15H Well to be drilled horizontally from a surface location 330' from the North line and 1470' from the East line (Unit B) to a bottom hole location 330' from the North line and 330' from the West line (Unit D), and to its Burkett 16 State No. 16H Well to be drilled horizontally from a standard surface location 990' from the North line and 1470' from the East line (Unit B) to a bottom hole location 990' from the North line and 330' from the West line (Unit D) in Section 16. The completed intervals of both wells will be located within the producing area of the proposed project area. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator and a charge for risk involved in drilling the wells.

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Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

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Chisos, Ltd.
April 4, 2012
Page 2

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH:kw
Enclosure

365197



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. Scott Hall

Office: (505) 982-3873

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

April 4, 2012

Cross Border Resources, Inc.
22610 US Highway 281 N., Suite 218
San Antonio, Texas 78258

Via Certified Mail
Return Receipt Requested

Attn: Mr. Larry Risley

Re: NMOCD Case No. _____: Application of COG Operating LLC for Designation of a Non-Standard Spacing and Proration Unit, Non-Standard Project Area, and for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. Risley:

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Albuquerque, New Mexico 87110
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Albuquerque, New Mexico 87176-6210

Cross Border Resources, Inc .
April 4, 2012
Page 2

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in cursive script, appearing to read "J. Scott Hall".

J. Scott Hall

JSH:kw
Enclosure

365686



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. Scott Hall
Office: (505) 982-3873
Email: shall@montand.com
Reply To: Santa Fe Office
www.montand.com

April 4, 2012

Total Petrochemicals USA, Inc.
c/o Total E&P USA, Inc.
P.O. Box 674411
Houston, Texas 77267-4411

Via Certified Mail
Return Receipt Requested

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Total Petrochemicals USA, Inc.

April 4, 2012

Page 2

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", is written over the typed name.

J. Scott Hall

JSH:kw
Enclosure

365689



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. Scott Hall

Office: (505) 982-3873

Email: shall@montand.com

Reply To: Santa Fe Office

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April 4, 2012

ZPZ Delaware I LLC
c/o Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

Via Certified Mail
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ZPZ Delaware I LLC
April 4, 2012
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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

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J. Scott Hall

JSH:kw
Enclosure

365209



**MONTGOMERY
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LAW FIRM

J. Scott Hall

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April 12, 2012

Commissioner of Public Lands
New Mexico State Land Office
Post Office Box 1148
Santa Fe, NM 87504-1148

**Via Certified Mail
Return Receipt Requested**

Re: NMOCD Case No. 14815: Application of COG Operating LLC for Designation of a Non-Standard Spacing and Proration Unit, Non-Standard Project Area, and for Compulsory Pooling, Eddy County, New Mexico

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NM State Land Office
April 12, 2012
Page 2

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Very truly yours,

MONTGOMERY & ANDREWS, P.A.

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J. Scott Hall

JSH:kw
Enclosure

367648

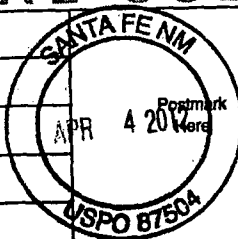
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Chisas, Ltd.
 Street, Apt. No.,
 or PO Box No. 670 Dona Ana Rd SW
 City, State, ZIP+4 Deming NM 88030

PS Form 3800, June 2002

See Reverse for Instructions

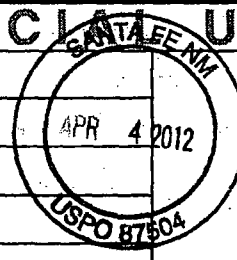
7004 2510 0002 2809 4127

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Sent To

2P2 Delaware LLC
 Street, Apt. No.,
 or PO Box No. 303 Veterans Airpark Lane #3000
 City, State, ZIP+4 Midland TX 79705

PS Form 3800, June 2002

See Reverse for Instructions

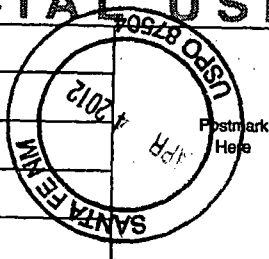
7004 2510 0002 2809 4141

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Suite 3000

Sent To

Apache Corp.
 Street, Apt. No.,
 or PO Box No. 303 Veterans Airpark Lane
 City, State, ZIP+4 Midland TX 79705

PS Form 3800, June 2002

See Reverse for Instructions

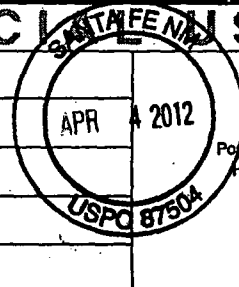
7004 2510 0002 2809 4158

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 Total Postage & Fees \$



Postmark
 Here

Sent To

Total Petrochemicals c/o Total
 Street, Apt. No.,
 or PO Box No. P.O. Box 674411
 City, State, ZIP+4 Houston, TX 77267-4411

PS Form 3800, June 2002

See Reverse for Instructions

7004 2510 0002 2809 4165

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 Return Receipt Fee
 (Endorsement Required)
 Restricted Delivery Fee
 (Endorsement Required)
 Total Postage & Fees \$



Postmark
 Here

Suite 218

Sent To

Cross Borders Resources, Inc.
 Street, Apt. No.,
 or PO Box No. 2210 22610 US Hwy 281 N.
 City, State, ZIP+4 San Antonio, TX 78258

PS Form 3800, June 2002

See Reverse for Instructions

7009 2820 0002 8535 2597

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Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

SANTA FE NM
APR 12 2012
Postmark
USPO 87504

Sent To: Comm of Public Lands, Nm 520
Street, Apt. No.,
or PO Box No. PO Box 1148
City, State, ZIP+4 Santa Fe, NM 87504-1148

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Commissioner of Public
Lands
NM State Land Office
P.O. Box 1148
Santa Fe, NM
87504-1148

2. Article Number

(Transfer from service label)

7009 2820 0002 8535 2597

COMPLETE THIS SECTION

A. Signature

X

B. Received by (Printed Name)

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

USPS

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

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70042510000228094141

SERVICE**STATUS OF YOUR ITEM****DATE & TIME****LOCATION****FEATURES**

Delivered

April 06, 2012, 10:28 am

MIDLAND, TX 79705

Certified Mail™

Depart USPS Sort
Facility

April 06, 2012

MIDLAND, TX 79711

Processed through
USPS Sort Facility

April 06, 2012, 4:50 am

MIDLAND, TX 79711

Check on Another Item

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70042510000228094165

SERVICE**STATUS OF YOUR ITEM****DATE & TIME****LOCATION****FEATURES**

Delivered

April 09, 2012, 11:59 am

SAN ANTONIO, TX 78258

Certified Mail™

Arrival at Unit

April 07, 2012, 7:56 am

SAN ANTONIO, TX 78259

Processed through
USPS Sort Facility

April 07, 2012, 2:52 am

SAN ANTONIO, TX 78284

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70042510000228094134

SERVICE**STATUS OF YOUR ITEM****DATE & TIME****LOCATION****FEATURES**

Delivered

April 07, 2012, 8:58 am

DEMING, NM 88030

Certified Mail™

Arrival at Unit

April 07, 2012, 8:39 am

DEMING, NM 88030

Depart USPS Sort Facility

April 06, 2012

EL PASO, TX 79910

Processed through USPS Sort Facility

April 06, 2012, 12:51 am

EL PASO, TX 79910

Processed through USPS Sort Facility

April 05, 2012, 9:25 pm

EL PASO, TX 79910

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70042510000228094168

SERVICE**STATUS OF YOUR ITEM****DATE & TIME****LOCATION****FEATURES**

Delivered

April 09, 2012, 7:29 am

HOUSTON, TX 77067

Certified Mail™

Depart USPS Sort
Facility

April 07, 2012

HOUSTON, TX 77032

Processed through
USPS Sort Facility

April 07, 2012, 1:24 am

HOUSTON, TX 77032

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SERVICE**STATUS OF YOUR ITEM****DATE & TIME****LOCATION****FEATURES**

Delivered

April 06, 2012, 10:28 am

MIDLAND, TX 79705

Certified Mail™

Depart USPS Sort Facility

April 06, 2012

MIDLAND, TX 79711

Processed through USPS Sort Facility

April 06, 2012, 4:50 am

MIDLAND, TX 79711

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