



July 23, 2012

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 14885

RECEIVED OOD
2012 JUL 23 P 2:23

Re: Application of COG Operating LLC for the creation of a new pool, special pool rules, the contraction of the Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock) Pool and cancellation of overproduction

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 August 23, 2012.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry
by
Carol J. [Signature]

Enclosures

cc: David Evans (w/enclosures)
Brandon Gaynor (w/enclosures)

**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, THE CONTRACTION OF THE GRAYBURG JACKSON
SEVEN RIVERS-QUEEN-GRAYBURG-SAN ANDRES-GLORIETA-YESO (PADDOCK)
POOL, AND CANCELLATION OF OVERPRODUCTION, EDDY COUNTY, NEW
MEXICO.**

CASE NO. 14885

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, contracting the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock) Pool, and cancellation of overproduction, Eddy County, New Mexico and in support thereof, states as follows:

1. Concho is the designated operator of the Grayburg-Jackson West Cooperative Unit which consists of the following acreage:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 15:	W/2 SW/4
Section 16:	All
Section 21:	All
Section 22:	W/2 W/2, E/2 NW/4, NE/4 SW/4, NW/4 NE/4
Section 27:	W/2 SW/4
Section 28:	All

2. The Grayburg-Jackson Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock) Pool was created by Division Order No. R-12678, dated December 1, 2006, is co-extensive with the Grayburg-Jackson West Cooperative Unit and currently covers the following lands:

RECEIVED OGD
2017 JUL 23 P 2:22

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 15:	W/2 SW/4
Section 16:	All
Section 21:	All
Section 22:	W/2 W/2, E/2 NW/4, NE/4 SW/4, NW/4 NE/4
Section 27:	W/2 SW/4
Section 28:	All

3. The vertical limits of this pool have become unworkable due to Concho's primary and secondary recovery efforts inside the Grayburg-Jackson West Cooperative Unit boundaries. Also, the statewide allowable is not sufficient to effectively and efficiently drain the Yeso formation.

4. Therefore, Concho seeks to create a new pool within the horizontal and vertical limits of the Grayburg-Jackson West Cooperative Unit as follows:

- a. The creation of a new pool which would extend from the top of the Glorieta formation to the top of the Abo formation. Within this new pool, Concho seeks special rules and regulations that allow for a depth bracket allowable of 300 barrels of oil a day and a 3000:1 gas to oil ratio. All other rules shall be in conformance with the statewide rules.

5. Accordingly, Concho seeks the contraction of the Grayburg-Jackson-Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock) Pool to vertically extend from the top of the Seven Rivers to the top of the Glorieta formation.

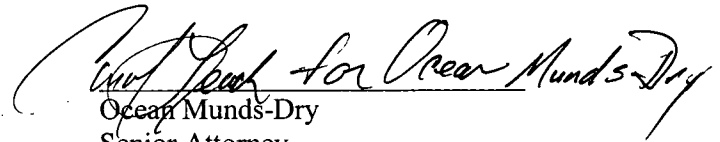
6. Concho also requests cancellation of overproduction in the Unit.

7. The granting of this application is in the interest 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, division-designated operators of wells within the same formation as the pool within one mile of the pool's outer boundary and all interest owners within the Unit as shown on Exhibit A.

WHEREFORE, COG Operating LLC requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 23, 2012, and that the application be approved.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Paul for Ocean Munds-Dry", is written over a horizontal line.

Ocean Munds-Dry
Senior Attorney
COG Operating LLC
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
(505) 780-8000
(505) 428-0485 Facsimile

EXHIBIT A
COG OPERATING LLC NOTICE LIST

Ray Powell, Commissioner
New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe NM 87501

Cimarex Energy Company of Colorado
600 N. Marienfeld Street, Suite 600
Midland TX 79701

Nadel and Gussman Heyco, LLC
P.O. Box 193
Roswell NM 88202

OXY USA, Inc.
P.O. Box 4294
Houston TX 77210

CASE NO. 14885 : Application of COG Operating LLC for the creation of a new pool, special pool rules, the contraction of the Grayburg-Jackson-Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock) Pool, and cancellation of overproduction, Eddy County, New Mexico. Applicant seeks an order establishing a new pool within the Grayburg-Jackson West Cooperative Unit from the top of the Glorieta to the top of the Abo formation. Within the new pool, Concho seeks special rules allowing for a depth bracket allowable of 300 barrels of oil per day and a limiting gas: oil ratio of 3000 to 1. Concho also seeks the contraction of the Grayburg-Jackson-Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock) Pool to extend from the top of the Seven Rivers formation to the top of the Glorieta formation. Also, Concho seeks cancellation of overproduction. The pool is located approximately 18 miles East of Artesia, New Mexico.