



Jordan L. Kessler  
505.848.1849  
Fax: 505.449.9710  
jlk@modrall.com

March 14, 2014

VIA FACSIMILE

*Case 15112*

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

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

Dear Ms. Bailey:

Enclosed 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 April 17, 2014.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Jordan L. Kessler'.

Jordan L. Kessler

Enclosures

cc: Ocean Munds-Dry/Caleb Hopson

Modrall Sperling  
Roehl Harris & Sisk P.A.  
Bank of America Centre  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

P.O. Box 2168  
Albuquerque,  
New Mexico 87103-2168  
Tel: 505.848.1800  
www.modrall.com

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

**APPLICATION OF COG OPERATING LLC FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT, COMPULSORY POOLING AND A NON-STANDARD  
LOCATION, LEA COUNTY, NEW MEXICO.**

CASE NO. 15112

**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) authorizing a non-standard location; (2) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 8, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico; and (3) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application, Concho states as follows:

1. Concho is an interest owner in the subject lands and has the right to drill a well thereon.
2. Concho seeks to dedicate the W/2 W/2 of Section 8 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").
3. Concho proposes to drill the Tomcat Fee Com. No. 1H to a depth sufficient to test the Bone Spring formation.
4. This project area is located within the Scharb Bone Springs Oil pool. (Order No. R-2589). These special pool rules require wells to be located within 200 feet of the

center of the quarter-quarter section. Concho seeks a non-standard location in order to allow a producing area that is 330 feet from the project area boundary.

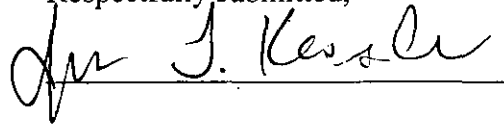
5. Concho has sought but been unable to obtain a voluntary agreement from all mineral interest owners in the Bone Spring formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.
6. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.
7. Notice of this application has been given in accordance with Division rules 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 April 17, 2014, 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 Bone Spring formation comprised of W/2 W/2 of Section 8, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;
- B. Authorizing a non-standard location;
- C. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;
- D. Designating Concho as operator of this unit and the well to be drilled thereon;
- E. Authorizing Concho to recover its costs of drilling, equipping and completing this well;

- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler", written over a horizontal line.

Jordan L. Kessler  
Post Office Box 2168  
Albuquerque, New Mexico 87103  
(505) 848-1800 Phone  
(505) 848-1897 Facsimile

ATTORNEY FOR COG OPERATING LLC

**EXHIBIT A**  
**COG OPERATING LLC NOTICE LIST**

Parties to be pooled:

Ross Duncan Properties, LLC  
P.O. Box 647  
Artesia, New Mexico 88211-0647

Davis Partners, Ltd.  
P.O. Box 271  
Midland, Texas 79702

F. Ferrell Davis  
P.O. Box 3061  
Midland, Texas 79702

Mineral interest owners

Bank of America, N.A., Trustee of the  
Robert O. Erwin and Virginia McKnight  
Erwin Trust a/k/a the Erwin Marital Trust  
P.O. Box 830308  
Dallas, Texas 75283-0308

Katherine Hartig Elmore, Derill G. Elmore, Jr., and Frank H. Elmore, III,  
Trustees under the Will of Derrill G. Elmore  
c/o Derrill G. Elmore, Jr.  
3414 Ridgecrest Drive  
Flower Mound, TX 75022

Katherine Hartig Elmore, Derill G. Elmore, Jr., and Frank H. Elmore, III,  
Trustees under the Will of Derrill G. Elmore  
c/o Derrill G. Elmore, Jr.  
616 Cotton Exchange Blvd  
Dallas, TX 75201

Katherine Hartig Elmore, Derill G. Elmore, Jr., and Frank H. Elmore, III,  
Trustees under the Will of Derrill G. Elmore  
Derrill G. Elmore, Jr.  
400 Elenburg Rd. Perrin, TX 76486

Elizabeth Raymond a/k/a Betsy Raymond  
13357 Forest River Drive SE  
Lowell, MI 49331

Frederic D. Brownell  
11703 Neering Drive  
Dallas, TX 75218

William S. Deniger, Jr.  
4061 Mawr Drive  
Dallas, TX 75225

William S. Deniger, Jr.  
6432 Walnut Hill Lane  
Dallas, TX 75230

David B. Deniger  
3730 Armstrong Avenue  
Dallas, TX 75205

David B. Deniger  
3704 Cragmont Ave  
Dallas, TX 75205

David B. Deniger  
16479 Dallas Parkway, Suite 400  
Addison, TX 75001

John T. McCall, Jr.  
6641 Wakefield Drive, Apt. 513  
Alexandria, Virginia 22307

Thomas Screven McCall, SSP  
4913 Pine Knoll Drive  
Tyler, Texas 75703

SDH 2009 Investments, L.P.  
2906 University Blvd.  
Dallas, Texas 75205

The Allar Company  
P.O. Box 1567  
Graham, Texas 76450

Bertha C. McCall and Belmont Trust  
Company, Co-Trustees of the Hobby H.  
McCall Living Trust  
25 St. Laurent Place  
Dallas, Texas 75225

Randolph D. McCall  
3204 Drexel  
Dallas, Texas 75205

Rebecca McCall Landis Baird, SSP  
332 East Terra Alta  
San Antonio, Texas 78209

Nuevo Seis Limited Partnership  
P.O. Box 2588  
Roswell, New Mexico

Barbara E. Hannifan, SSP  
P.O. Box 182  
Roswell, New Mexico 88202

Texas Vanguard Oil Company  
P.O. Box 50820  
Midland, Texas 79710

Mrs. Mary Hampton Elliot  
00 Logan Knapp  
2755 Shadowdale Drive  
Houston, TX 77043

Joe J. Wallace and wife, Patricia Wallace  
111 Ellis St, 5" Floor  
San Francisco, CA 94102

Mary Iva Campbell Trust,  
Carol Anne Crook Kryder, Trustee  
5927 Hillcrest Avenue  
Dallas, Texas 75205

Baloney Feathers, Ltd.  
P.O. Box 1586  
Lubbock, Texas 79403

Richard D. Jones, Jr.  
200 North Gaines Road  
Cedar Creek, Texas 78612

Southard Properties, Ltd., whose Sole  
General Partner is Southard Management Co.  
1101 Scott Street, Suite 17  
Wichita Falls, Texas 76301

ChivoOil, LLC  
P.O. Box 3061  
Midland, Texas 79702

Paul Davis, Ltd.  
P.O. Box 871  
Midland, Texas 79702

Gene L. Dalmont, SSP  
1498 Scipio Lane  
McAlester, OK 74501

Gene L. Dalmont, SSP  
Route 1 Box 193  
McAlester, OK 74501

Estate of Catherine H. Ragsdale c/o Douglass Nichols  
4713 Chiappero Trail  
Austin, TX 78731



Peter B. Tyson, SSP  
c/o Tyson Properties, LLC  
P.O. Box 3786  
Midland, TX 79702

CASE NO. 15112: **Application of COG Operating LLC for a non-standard spacing and proration unit, compulsory pooling and a non-standard location, Lea County, New Mexico.** COG requests a hearing at 8:15 a.m. on \_\_\_\_\_, 2014, to consider this application. Applicant seeks an order from the Division: (1) authorizing a non-standard location; (2) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 8, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico; and (3) pooling all mineral interests in the Bone Spring 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 Tomcat Fee Com. Well No. 1H, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. 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 22 miles west of Hobbs, New Mexico.