

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15149
ORDER NO. R-13626-A**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 29, 2014, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze:

NOW, on this 11th day of August, 2014, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.

(2) Pursuant to previous hearings, the Division, on September 12, 2012, issued Order No. R-13626, granting the application of COG Operating, LLC ("Applicant") for approval of a non-standard spacing and proration unit and compulsory pooling. The Order established a non-standard 160-acre oil spacing and proration unit and project area (the "Unit") consisting of the W/2 of the E/2 of Section 8, Township 19 South, Range 26 East, NMPM, in Eddy County, New Mexico. The proposed well dedicated to the Unit was the Bradley 8 Fee Well No. 3H (API No. 30-015-39812), and Applicant was designated as the operator of the well and the Unit.

(3) Subsequently, Applicant filed a Motion associated with this Order, and in that Motion informed the Division that Applicant had discovered additional owners with an interest in the lands who had not been notified. These owners were not identified in the original title record review and were subsequently omitted from previous notices provided to owners in this case, as required by Division Rule 19.15.4.12A.(1) NMAC.

These additional interests are identified on page two in Applicant's Exhibit No. 2 (three parties in total).

(4) At the hearing, Applicant appeared through counsel and presented evidence that it had given notice of the application and the hearing to the recently identified interest owners, or their heirs, successors or assigns, by certified mail and by publication pursuant to 19.15.4.12.B NMAC. No appearance was entered for these mineral owners, or any personal representative, heir or successor, and no person claiming to own or represent a claimant to an interest derived from these mineral owners has otherwise communicated with the Division.

(5) Applicant previously submitted a request for an extension to commence drilling the proposed well, the Bradley 8 Fee Well No. 3H. The Director approved an extension on August 30, 2013, which provided for a new date of September 30, 2014 for drilling to commence.

The Division therefore concludes:

(6) The application should be approved to compulsory pool the recently identified interest owners and their heirs, devisees, personal representatives, successors and assigns, whoever they may be.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of COG Operating, LLC (OGRID 229137), all recently identified interest owners and their heirs, devisees, personal representatives, successors and assigns, as well as all other owners of interests in the Unit, whatever they may be, in the oil and gas located in the Yeso formation underlying the Unit, are hereby pooled.

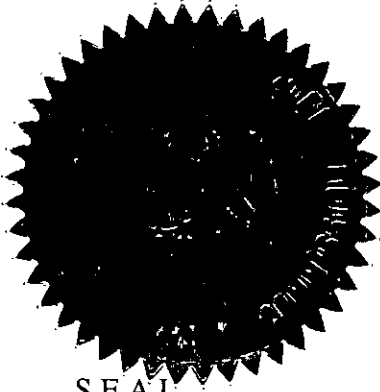
(2) All provisions of Order No. R-13626, including allocation of costs, risk charges, or overhead charges, remain in full force and effect, and are applicable to all recently identified interest owners and their heirs, devisees, personal representatives, successors and assigns pooled in this Order.

(3) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this Order shall thereafter be of no further effect.

(4) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "Jami Bailey". The signature is fluid and cursive, written over the printed name.

JAMI BAILEY
Director