

Devon Energy Corporation

333 W. Sheridan Avenue Oklahoma City, OK 73102 Direct: (405) 228-4397 Fax: (405) 552-7667 405 235 3611 Phone www.devonenergy.com cari.allen@dvn.com

September 17, 2014

Via Email

New Mexico Oil Conservation Division Attn: Richard Ezeanyim 1220 South St. Francis Drive Santa Fe. New Mexico 87505

RE:

Case No. 14613

Application of Apache Corporation and COG Operating, LLC to amend Order No. R-13382-E establishing Temporary Special Pool Rules for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta-Yeso, Cedar Lake Glorieta-Yeso, Empire Glorieta-Yeso, East Empire Glorieta-Yeso, Fren Glorieta-Yeso, East Fren Glorieta-Yeso, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta-Yeso, and West Maljamar Yeso, Lea and Eddy Counties, New Mexico to increase the depth bracket allowable To 600 barrels of oil per day, and to make the amended rules permanent.

#### Ladies and Gentlemen:

As an operator in one or more of the above-referenced pools, Devon Energy Production Company, L.P. is writing to express its support of COG's application. Each of these pools is located in the Yeso formation. Devon Energy Production Company, L.P. believes that COG's request will allow operators to properly develop the pools and that the requested allowable will prevent waste and will protect the correlative rights of owners.

Sincerely,

Cari Allen, CPL

Senior Staff Landman

CA

Cc:

**David Evans** 

COG Operating, LLC One Concho Center 600 West Illinois Avenue Midland, TX 79701

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit 2

Submitted by: COG OPERATING LLC

Hearing Date: September 18, 2014



Jami Bailey Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re: Case No. 14613 (Re-opened)

Application of Apache Corporation ("Apache") and COG Operating LLC ("Concho") to amend Order No. R-13382, etc., establishing Special Pool Rules and Regulations for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta-Yeso, Cedar Lake Glorieta-Yeso, Empire Glorieta-Yeso, East Empire Glorieta-Yeso, Fren Glorieta-Yeso, East Fren Glorieta-Yeso, Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock), Grayburg Jackson Seven Rivers- Queen-Grayburg-San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta-Yeso, and West Maljamar Yeso

Lea and Eddy Counties, New Mexico

#### Gentlemen:

As an operator in one or more of the above-referenced pools, LRE Operating, LLC is writing to express its support of Apache and Concho's application. Each of these pools is located in the Yeso formation. LRE Operating, LLC believes the current temporary production allowable is reasonable to properly produce wells in the reservoir and that the request to make the allowable permanent will avoid wasting reservoir energy and will protect the correlative rights of owners.

Best regards,

C. Tim Miller

Executive Vice President of Operations and

Chief Operating Officer

LRE Operating, LLC



Jami Bailey Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re: Case No

Case No. 14613 (Re-opened)

Application of Apache Corporation ("Apache") and COG Operating LLC ("Concho") to amend Order No. R-13382, etc., establishing Special Pool Rules and Regulations for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta-Yeso, Cedar Lake Glorieta-Yeso, Empire Glorieta-Yeso, East Empire Glorieta-Yeso, Fren Glorieta-Yeso, East Fren Glorieta-Yeso, Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock), Grayburg Jackson Seven Rivers- Queen-Grayburg-San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta-Yeso, and West Maljamar Yeso

Lea and Eddy Counties, New Mexico

#### Gentlemen:

As an operator in one or more of the above-referenced pools, Lime Rock Resources II-A, L.P. is writing to express its support of Apache and Concho's application. Each of these pools is located in the Yeso formation. Lime Rock Resources II-A, L.P. believes the current temporary production allowable is reasonable to properly produce wells in the reservoir and that the request to make the allowable permanent will avoid wasting reservoir energy and will protect the correlative rights of owners.

Best regards,

Lime Rock Resources II-A, L.P.

C. Tim Miller

Executive Vice President of Operations and

Chief Operating Officer

#### **HUDSON OIL COMPANY OF TEXAS**

616 TEXAS STREET

#### FORT WORTH, TEXAS 76102-4696

817.336.7109 FAX 817.334.0442

EDWARD R. HUDSON, JR. WILLIAM A. HUDSON II E. RANDALL HUDSON III

September 12, 2014

Ms. Jami Bailey Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re: <u>Case No. 14613</u>

Application of Apache Corporation and COG Operating LLC for Special Pool Rules and Regulations for the:

Artesia Glorieta-Yeso, Bear Grass Draw Glorieta - Yeso, Cedar lake Glorieta - Yeso, Empire Glorieta - Yeso, Fren Glorieta - Yeso, East Fren Glorieta - Yeso, Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres - Glorieta - Yeso (Paddock), Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta - Yeso, and West Maljamar Yeso Pools

Eddy and Lea Counties, New Mexico

Dear Ms. Bailey:

On behalf of **Hudson Oil Company of Texas**, an operator in several of the above referenced pools, I am writing to express our support of the above referenced application by Apache Corporation and COG Operating LLC.

Each one of these pools includes the Yeso formation, and **Hudson Oil Company of Texas** believes the current Yeso production allowable for such pools is insufficient to properly produce wells completed in this reservoir. The requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Sincerely,

E. Randall Hudson III

President

**Hudson Oil Company of Texas** 

ERHIII/sg

(h)(h)(h)

September 15, 2014

Ms. Jami Bailey Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

DAVID S. RHODES

Re: Case No. 14613

Application of Apache Corporation and COG Operating LLC for Special Pool Rules and Regulations for the:

Artesia Glorieta-Yeso, Bear Grass Draw Glorieta - Yeso, Cedar lake Glorieta - Yeso, Empire Glorieta - Yeso, Fren Glorieta - Yeso, East Fren Glorieta - Yeso, Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres - Glorieta - Yeso (Paddock), Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta - Yeso, and West Maljamar Yeso Pools

Eddy and Lea Counties, New Mexico

Dear Ms. Bailey:

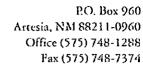
On behalf of Burnett Oil Co. Inc., an operator in several of the above referenced pools, I am writing to express our support of the above referenced application by Apache Corporation and COG Operating LLC.

Each one of these pools includes the Yeso formation and Burnett Oil Co., Inc. believes the current Yeso production allowable for such pools is insufficient to properly produce wells completed in this reservoir. The requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Sincerely,

David S. Rhodes

Vice President, Land





Mark E. Fesmire, P.E. Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re: Case No. 14613

Application of COG Operating LLC ("Concho") for Special Pool Rules and Regulations for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta-Yeso, Cedar Lake Glorieta-Yeso, Empire Glorieta-Yeso, East Empire Glorieta-Yeso, Fren Glorieta-Yeso, East Fren Glorieta-Yeso, Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock), Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta-Yeso, and West Maljamar Yeso, and Cancellation of Overproduction, Lea and Eddy Counties, New Mexico

Dear Mr. Fesmire:

As an operator in one or more of the above-referenced pools, *Mack Energy Corporation* is writing to express its support of Concho's application. Each of these pools is located in the Yeso formation. *Mack Energy Corporation* believes the current production allowable is insufficient to properly produce wells in the reservoir and that the requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Very truly yours.

Travis K. Lanning Attorney in Fact

Mack Energy Corporation



Oil Conservation Division
Engineering and Geological Services Bureau
Oil Conservation Division
1220 S. St Francis Drive
Santa Fe, NM 87505

Re: CASE NO. 14613 (Re-opened)

APPLICATION OF APACHE CORPORATION AND COG OPERATING LLC

TO AMEND ORDER NO. R-13382, ETC. LEA AND EDDY COUNTIES, NEW MEXICO

To Whom It May Concern:

Clayton Williams Energy, Inc. respectfully submits this letter in support of Applicants Apache Corporation and COG Operating, LLC in their efforts to increase the allowable in the order referenced above.

As an operator in New Mexico, Clayton Williams Energy, Inc. supports measures under consideration by the Division to more suitably accommodate the increase in horizontal development in New Mexico. Approving the allowable as requested by the applicants will encourage horizontal development across the State by removing arbitrary and restrictive allowable limits more suited to vertical development. Clayton Williams Energy, Inc. encourages the Division to review and approve the applicants' request as it benefits not only the operator, but the royalty owner and the State, as well.

Thank you for the opportunity to enter our support of this petition.

Sincerely,

**Matt Swierc** 

**Regulatory Coordinator** 

SOUTHWEST ROYALTIES, INC. 6 Desta Drive, Suite 2100 Midland, Texas 79705 (432) 686-9927, (800) 658-6227

> Oil Conservation Division Engineering and Geological Services Bureau Oil Conservation Division 1220 S. St Francis Drive Santa Fe, NM 87505

Re: CASE NO. 14613 (Re-opened)

APPLICATION OF APACHE CORPORATION AND COG OPERATING LLC

TO AMEND ORDER NO. R-13382, ETC. LEA AND EDDY COUNTIES, NEW MEXICO

To Whom It May Concern:

Southwest Royalties, Inc. respectfully submits this letter in support of Applicants Apache Corporation and COG Operating, LLC in their efforts to increase the allowable in the order referenced above.

As an operator in New Mexico, Southwest Royalties, Inc. supports measures under consideration by the Division to more suitably accommodate the increase in horizontal development in New Mexico. Approving the allowable as requested by the applicants will encourage horizontal development across the State by removing arbitrary and restrictive allowable limits more suited to vertical development. Southwest Royalties, Inc. encourages the Division to review and approve the applicants' request as it benefits not only the operator, but the royalty owner and the State, as well.

Thank you for the opportunity to enter our support of this petition.

Sincerely

George Harris
Petroleum Engineer

Clmarex Energy Co. 600 N. Marienfeld St.

Suite 600

Midland, TX 79701

MAIN 432.571.7800



September 15, 2014

Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

RE:

Case No. 14613 (Re-opened)

Application of Apace Corporation and COG Operating L.L.C.

Lea and Eddy Counties, New Mexico

#### VIA Fedex

#### Gentlemen:

Cimarex Energy Co. of Colorado supports Apache Corporation and COG Operating L.L.C. application for the increased production allowable in the Yeso formation in regard to Case No. 14613 thereby making the temporary allowable order permanent. As an operator, in regard to the order, Cimarex Energy Co. of Colorado believes the current production allowable is insufficient to properly produce wells in the reservoir and that the requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Sincerely,

Roger Alexander

Regional Manager Permian Basin Cimarex Energy Co. of Colorado



Ms. Jami Bailey Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

## Re: <u>Case No. 14613</u>

Application of COG Operating LLC ("Concho") for Special Pool Rules and Regulations for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta - Yeso, Cedar lake Glorieta - Yeso, Empire Glorieta - Yeso, Fren Glorieta - Yeso, East Fren Glorieta - Yeso, Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres - Glorieta - Yeso (Paddock), Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta - Yeso, and West Maljamar Yeso, and Cancellation of Overproduction, Lea and Eddy Counties, New Mexico.

Dear Ms. Bailey:

As operators in several of the above- referenced pools, OXY USA Inc, OXY USA WTP Limited Partnership, and Occidental Permian Ltd (hereinafter together as "OXY") are writing to express their support of Concho's application. Each of these pools is located within the Yeso formation. OXY believes the current production allowable is insufficient to properly produce wells in the reservoir and that the requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Very truly yours,

OXY USA Inc OXY USA WTP Limited Partnership Occidental Permian Ltd

Boug Perschke

Leader, Reservoir Management Team

## Nadel and Gussman HEYCO, LLC

500 N. Main, Suite One Roswell, NM 88201 575/623-6601 (office) 575/624-5321 (Fax)

September 12, 2014

Jami Bailey, Division Director NM Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

RE: Case No. 14613

Application of Apache Corporation and COG Operating, LLC to amend Order No. R-13382-E establishing Temporary Special Pool Rules for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta-Yeso, Cedar Lake Glorieta-Yeso, Empire Glorieta-Yeso, East Empire Glorieta-Yeso, Fren Glorieta-Yeso, East Fren Glorieta-Yeso, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta-Yeso, and West Maljamar Yeso, Lea and Eddy Counties, New Mexico, to increase the depth bracket allowable to 600 barrels of oil per day, and to make the amended rules permanent. The pools are located approximately 12 miles east of Artesia, New Mexico and 17 miles west of Lovington, New Mexico.

Dear Ms. Bailey:

As an operator in one or more of the above-referenced pools, Nadel and Gussman HEYCO, LLC, is writing to express its support of Apache Corporation and COG Operating, LLC's application. Each of these pools is located in the Yeso formation. Nadel and Gussman HEYCO, LLC believes the current production allowable is insufficient to properly produce wells in the reservoir and that the requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Very truly yours,

Trent Green

Nadel and Gussman HEYCO, LLC

TWG/ta

AidStateCase#14613NGHtoCOGSupportLtr.doc/AidState/Land

## Nadel and Gussman HEYCO, LLC

500 N. Main, Suite One Roswell, NM 88201 575/623-6601 (office) 575/624-5321 (Fax)

September 12, 2014

Jami Bailey, Division Director NM Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

RE: Case No. 14613

Application of Apache Corporation and COG Operating, LLC to amend Order No. R-13382-E establishing Temporary Special Pool Rules for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta-Yeso, Cedar Lake Glorieta-Yeso, Empire Glorieta-Yeso, East Empire Glorieta-Yeso, Fren Glorieta-Yeso, East Fren Glorieta-Yeso, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta-Yeso, and West Maljamar Yeso, Lea and Eddy Counties, New Mexico, to increase the depth bracket allowable to 600 barrels of oil per day, and to make the amended rules permanent. The pools are located approximately 12 miles east of Artesia, New Mexico and 17 miles west of Lovington, New Mexico.

Dear Ms. Bailey:

As an operator in one or more of the above-referenced pools, Nadel and Gussman HEYCO, LLC, is writing to express its support of Apache Corporation and COG Operating, LLC's application. Each of these pools is located in the Yeso formation. Nadel and Gussman HEYCO, LLC believes the current production allowable is insufficient to properly produce wells in the reservoir and that the requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Very truly yours,
I MM M. Ded

Trent Green

Nadel and Gussman HEYCO, LLC

TWG/ta

AidStateCase#14613NGHtoCOGSupportLtr.doc/AidState/Land



Mr. Richard Ezeanyim
Engineering and Geological Services Bureau
Oil Conservation Division
1220 S. St Francis Drive
Santa Fe NM 87505

Re:

Case No. 14613 (Re-Opened)

Application of Apache Corporation and COG

Operating, LLC

To Amend Order No. R-13382 Eddy and Lea Counties, NM

Dear Mr. Ezeanyim,

As an operator of oil and gas wells in several of the pools referenced in Order No. R-13382, Apache Corporation respectfully expresses its support of COG Operating, LLC's application to make permanent the temporary pool rules and increase the allowable in these pools.

We believe that the current allowable is restrictive to full development and an increase in allowable will not adversely affect ultimate resource recovery. Further, the temporary status of these rules should be changed and the rules made permanent as these rules have demonstrated efficient and orderly development of these field areas.

Thank you for your consideration. If you need additional information please let me know. If you have any questions please feel free to call me at 432-818-1883 or email at mark.henkhaus@apachecorp.com.

Sincerely,

R. Mark Henkhaus, PE Regulatory Manager Permian Region MARTIN YATES, III

FRANK W. YATES

S.P. YATES 1914-2008



# 105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

TELEPHONE (575) 748-1471 www.yatespetroleum.com JOHN A. YATES

JOHN A. YATES JR. CHAIRMAN OF THE BOARD PRESIDENT

JOHN D. PERINI EXECUTIVE VICE PRESIDENT OHIEF FINANCIAL OFFICER

JAMES S. BROWN

September 16, 2014

Ms. Jami Bailey Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re:

Case No. 14613

Application of COG Operating LLC ("Concho") for Special Pool Rules and Regulations for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta - Yeso, Cedar lake Glorieta - Yeso, Empire Glorieta - Yeso, Fren Glorieta - Yeso, East Fren Glorieta - Yeso, Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres - Glorieta - Yeso (Paddock), Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta - Yeso, and West Maljamar Yeso, and Cancellation of Overproduction, Lea and Eddy Counties, New Mexico.

Dear Ms. Bailey:

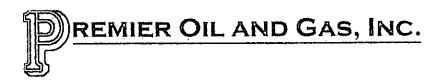
As an operator in several of the above- referenced pools, *Yates Petroleum Corporation* is writing to express its support of Concho's application. Each of these pools is located in the Yeso formation. *Yates Petroleum Corporation* believes the current production allowable is insufficient to properly produce wells in the reservoir and that the requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson

Assistant Land Manager



Ms. Jaime Bailey
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 14613 (Re-opened)

Application of Apache Corporation and COG Operating L.L.C.

TO AMEND ORDER NO. R-13382, ETC. Lea and Eddy Counties, New Mexico

Dear Ms. Bailey:

As an operator in in one or more of the above-referenced pools, Premier Oil & Gas Inc. is writing to express its support of Apache's and COG's application to amend Case NO. 14613. Premier Oil & Gas Inc. believes that the current temporary allowable should be made permanent. The current temporary production allowable has shown to avoid wasting reservoir energy and it has protected the correlative rights of owners.

Very truly yours,

Kenneth C. Jones

President

## MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

September 16, 2014

Jami Bailey, Division Director Mark E. Fesmire, P.E. Oil Conservation Division 1220 South St. Francis Drive Santa Fe. New Mexico 87505

Re: Case No. 14613 (Re-opened)

Application of COG Operating LLC ("Concho") for Special Pool Rules and Regulations for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta-Yeso, Cedar Lake Glorieta-Yeso, Empire Glorieta-Yeso, East Empire Glorieta-Yeso, Fren Glorieta-Yeso, East Fren Glorieta-Yeso, Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres-Glorieta-Yeso (Paddock), Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta-Yeso, and West Maljamar Yeso, and Cancellation of Overproduction, Lea and Eddy Counties, New Mexico

Dear Ms. Bailey:

As an operator in one or more of the above-referenced pools, **Mewbourne Oil Company** is writing to express its support of Concho's re-opening of this case. Each of these pools is located in the Yeso formation. **Mewbourne Oil Company** believes the current temporary production allowable is sufficient to properly produce wells in the reservoir and that the request to make the temporary allowable permanent will avoid wasting reservoir energy and will protect the correlative rights of owners.

Very truly yours.

**MEWBOURNE OIL COMPANY** 

Larry Cunningham

LC/sb



Ms. Jami Bailey Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re:

Case No. 14613

Application of COG Operating LLC ("Concho") for Special Pool Rules and Regulations for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta - Yeso, Cedar lake Glorieta - Yeso, Empire Glorieta - Yeso, Fren Glorieta - Yeso, East Fren Glorieta - Yeso, Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres - Glorieta - Yeso (Paddock), Grayburg Jackson Seven Rivers - Queen - Grayburg - San Andres, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta – Yeso, and West Maljamar Yeso, and Cancellation

of Overproduction, Lea and Eddy Counties, New Mexico.

Dear Ms. Bailey:

As an operator in several of the above- referenced pools, Concho Resources Inc. is writing to express its support of Apache's application. Each of these pools is located in the Yeso formation. Concho believes the current production allowable is insufficient to properly produce wells in the reservoir and that the requested allowable will avoid wasting reservoir energy and will protect the correlative rights of owners.

Very truly yours,

Concho Resources Inc.