

**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. 15075 (Reopened)
ORDER NO. R-13791-A**

**APPLICATION OF COG OPERATING, LLC TO RE-OPEN CASE NO. 15075 TO
POOL THE INTERESTS OF ADDITIONAL MINERAL AND LEASEHOLD
OWNERS UNDER THE TERMS OF COMPULSORY POOLING ORDER NO. R-
13791, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 2, 2015, at Santa Fe, New Mexico, before Examiner Michael McMillan.

NOW, on this 15th day of April, 2015, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

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

(2) Upon the application of COG Operating, LLC ("COG", OGRID 229137), in Case No. 15075, the Division issued Order No. R-13791 on February 6, 2014, creating a 159.06-acre non-standard oil spacing and proration unit and project area in the Atoka-Glorieta-Yeso Pool (Code 3250) consisting of the W/2 W/2 of Section 3, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico, and pooling uncommitted interests in that spacing unit ("the Unit").

(3) The Unit is currently dedicated to the COG Operating, LLC Lee 3 Fee Well No. 1H (API No. 30-015-39586).

(4) COG has recently discovered additional interests in the Unit that were not notified and pooled under Case No. 15075.

(5) COG appeared at the hearing with attorney and landman who testified that additional interest owners have an interest within the Unit.

(6) Yates Holdings, LLP, an interest owner, appeared at the hearing through legal counsel. No other party appeared at the hearing, or otherwise opposed the granting of this application.

(7) At hearing, counsel for Yates Holdings, LLP did not object to the compulsory pooling but requested a continuance of the case to negotiate terms of a Joint Operating Agreement (JOA) with the applicant.

(8) If a JOA is entered into by Yates Holdings, LLP and the applicant, and Yates Holdings, LLP agrees to participate in the well and/or assign a lease to their respective interest, the compulsory pooling should be dismissed as to Yates Holdings, LLP.

(9) As a result, Yates Holdings, LLP's request for continuance should be **denied**.

(10) In order to protect correlative rights and prevent waste, COG's request to have these interests pooled according to all terms and conditions of Order No. R-13791 should be approved.

(11) The Division approved an Extension to Commence Drilling of the Lee 3 Fee Well No. 1H for a final date of January 31, 2016.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of COG Operating, LLC, the additional interests identified by the applicant, and not previously pooled by Division Order No. 13791 are hereby pooled and are subject to all terms and conditions within Division Order No. R-13791.

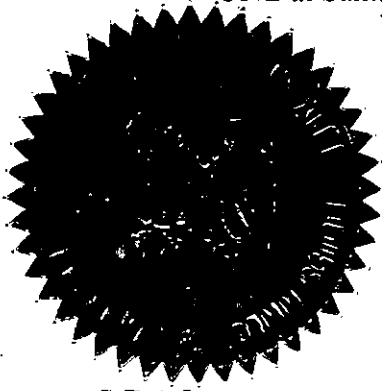
(2) Yates Holdings, LLP's request for continuance is hereby **denied**.

(3) If a JOA is entered into by Yates Holdings, LLP and the applicant, and Yates Holdings, LLP agrees to participate in the well and/or assign a lease to their respective interest, the compulsory pooling shall be dismissed as to Yates Holdings, LLP.

(4) All provisions of Division Order No. R-13791, including Extension to Commence Drilling, remain in full force and effect.

(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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

David R. Catanach

DAVID R. CATANACH
Director