

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

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IN THE MATTER OF THE APPLICATION
OF COG OPERATING LLC FOR A NON-
STANDARD OIL SPACING AND PRORATION
UNIT AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

CASE NO. 15304

APPLICATION

COG Operating LLC ("COG") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) creating a non-standard 240-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of Lot 3, SE/4 NW/4 and E/2 SW/4 of Section 5 and the E/2 NW/4 of Section 8, Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application COG states:

1. COG Operating LLC (OGRID No. 229137) is a working interest owner in the subject lands and has the right to drill a well thereon.
2. COG proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Solution Federal Com 3H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 5 to a standard bottom hole location in the SW/4 NW/4 (Unit F) of Section 8.
3. This project area is located within the Parkway; Bone Spring Pool (Pool Code 49622). The completed interval for this well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC.
4. COG has sought but been unable to obtain a voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in this non-standard spacing unit should be pooled and COG Operating LLC should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 28, 2015, and, after notice and hearing as required by law, the Division enter its order:

- A. Creating a 240-acre, more or less, non-standard oil spacing and proration unit in the Bone Spring formation comprised of Lot 3, SE/4 NW/4 and E/2 SW/4 of Section 5 and the E/2 NW/4 of Section 8, Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico;
- B. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit;
- C. Designating COG Operating LLC as operator of this unit and the well to be drilled thereon;
- D. Authorizing COG Operating LLC to recover its costs of drilling, equipping and completing the well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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,

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Attorneys for COG Operating LLC

CASE 15304 :

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre, more or less, spacing and proration unit comprised of Lot 3, SE/4 NW/4 and E/2 SW/4 of Section 5 and the E/2 NW/4 of Section 8, Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Solution Federal Com 3H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 5 to a standard bottom hole location in the SW/4 NW/4 (Unit F) of Section 8. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as 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 20 miles northeast of Carlsbad, NM.

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