

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

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

CASE NO. 15353

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APPLICATION

COG Operating LLC, ("COG"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) creating a 160-acre, more or less, non-standard spacing and proration unit comprised of the W/2 W/2 of Section 36, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico; and (2) pooling the record title owner of State Lease E0-6005-0001 covering the NW/4 SW/4 of Section 36 and the record title owner of State Lease E0-6005-0003 covering the SW/4 SW/4 of Section 36, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, in the Bone Spring formation. In support of this application COG states:

1. COG owns a working interest in the W/2 W/2 of Section 36 and proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **West Pearl 36 State Com No 6H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 36.

2. This project area is located within the Lea; Bone Spring Pool (37570). 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.

3. COG has attempted but has been unable to locate the record title owner of State E0-6005-0001 covering the NW/4 SW/4 of Section 36:

Western Equipment Co.

Last known address: P.O. Box 5457
Midland, Texas 79701

4. COG has attempted but has been unable to reach agreement with the record title owner of State Lease E0-6005-0003 covering the SW/4 SW/4 of Section 36:

Magnum Hunter Production, Inc./Cimarex Energy Company

Address of Record: 600 North Marienfeld Street, Suite 600
Midland, Texas 79704

4. In order to allow COG to communitize this state lease with the remaining tracts of land comprising the W/2 W/2 of Section 36, this record title interests needs to be pooled and COG designated operator of the well and spacing unit.

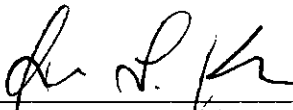
5. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow COG and the other interest owners in the W/2 W/2 of Section 36 an opportunity to obtain their just and fair share of the oil and gas underlying the subject lands.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 23, 2015, and that after notice and hearing as required by law the Division enter its order:

- A. Creating a 160-acre, more or less, non-standard spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 36, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;
- B. Pooling the record title interests in State Leases E0-6005-0001 and E0-6005-0003 for the purpose of forming a 160-acre non-standard spacing and proration unit; and
- C. Designating COG Operating LLC operator of this non-standard spacing unit and the horizontal well to be drilled thereon.

Respectfully submitted,

HOLLAND & HART, LLP

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ATTORNEYS FOR COG OPERATING LLC

CASE 15353 **Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 36, Township 19 South, Range 34 East, NMPM, Lea County; and (2) pooling the record title owners of State Lease E0-6005-0001, covering the NW/4 SW/4 of Section 36, and State Lease E0-6005-0003, covering the SW/4 SW/4 of Section 36 in the Bone Spring formation. Said non-standard unit will be dedicated to the proposed West Pearl 36 State Com No 6H Well, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 36. 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 designation of applicant as operator of the well and the proposed spacing unit. Said area is located approximately 15 miles west of Monument, New Mexico.