

**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,
EDDY COUNTY, NEW MEXICO.**

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CASE NO. 15388

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 S/2 S/2 of Section 4, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling the record title owner of State Lease B-7071 covering the SE/4 SW/4 of Section 4, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, in the Yeso formation. In support of this application COG states:

1. COG owns a working interest in the S/2 S/2 of Section 4 and proposes to dedicate the above-referenced spacing and proration unit as the project area for its **Bose Ikard 4 State Com No. 18H Well**, which has been horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 4.

2. This project area is located within the Empire; Glorieta-Yeso, East Pool (96610). The completed interval for this well is 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 reach agreement with record title owner of State Lease B-7071 covering the SE/4 SW/4 of Section 4:

MCI Operating of NM, LLC

Address of Record: P.O. Box 471
Denver City, Texas 79323

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

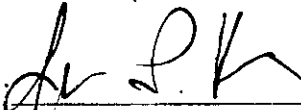
5. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow COG and the other interest owners in the S/2 S/2 of Section 4 an opportunity to obtain their just and fair share of the oil and gas underlying the subject lands.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 1, 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 Yeso formation, comprised of the S/2 S/2 of Section 4, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico;
- B. Pooling the record title interest in State Lease State Lease B-7071 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,

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ATTORNEYS FOR COG OPERATING LLC

CASE 15388 **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, 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 4, Township 17 South, Range 29 East, NMPM, Eddy County; and (2) pooling the record title owner of State Lease State Lease B-7071 covering the SE/4 SW/4 of Section 4 for the Yeso formation. Said non-standard unit will be dedicated to the Bose Ikard 4 State Com No. 18H Well, which has been horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 4. The completed interval is within the 330-foot standard offset required by the rules. Also to be considered will the designation of applicant as operator of the well and the proposed spacing unit. Said area is located approximately 18 miles northeast of Artesia, New Mexico.