

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

APPLICATION OF COG OPERATING LLC TO RE-OPEN CASE NO. 15310 TO CONTRACT THE NON-STANDARD PROJECT AREA TO CONFORM WITH THE BOUNDARIES OF ACREAGE SUBJECT TO A PROPOSED STATE COMMUNITIZATION AGREEMENT, LEA COUNTY, NEW MEXICO.

CASE NO. 15310 (re-opened)

APPLICATION

COG Operating LLC ("COG") through its undersigned attorneys, files this application with the Oil Conservation Division to amend Order No. R-14033 to contract the non-standard project area approved in R-14033 to conform to the boundaries of the revised state Communitization Agreement covering the W/2 and W/2 E/2 of Section 27, Township 21 South, Range 33 East, NMPM Lea County, New Mexico. In support of this application, COG states:

1. COG(OGRID No. 229137) is the only working interest owner in the two state leases covering Section 27, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico.

2. Under Division Order No. R-14033, issued on August 12, 2015, in Case No. 15310, the Division approved a 640-acre non-standard project area comprised of acreage subject to a proposed state communitization agreement, covering all of Section 27, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico.

3. COG seeks to contract the non-standard project area to conform to the boundaries of the revised state Communitization Agreement covering the W/2 and W/2 E/2 of Section 27. COG has plans to develop the E/2 E/2 of Section 27 by combining it with the E/2 E/2 of Section 22 to drill a two-mile lateral.

4. Order No. R-14033 has not yet taken effect because the Pygmy 27 State Well No. 4H (API No. 30-025-42069) has not been drilled. *See* Order No. R-14033, p. 4, ¶ 2.

5. COG has conferred with the New Mexico State Land Office and the State Land Office has indicated that it will approve the revised Communitization Agreement for the Bone Spring formation covering the W/2 and W/2 E/2 of Section 27.

6. This acreage has been placed in the WC-025 G-06 S213323S; Bone Spring Pool (Pool Code 97929) and is subject to the Division's general statewide rules for oil development.

7. Pursuant to Rule 19.15.16.15.E, COG will provide notice of this application to the affected persons in the 40-acre spacing units that adjoin the proposed 480-acre project area.

8. Approval of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 23, 2016, and that after notice and hearing as required by law, the Commission enter its order granting this application.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC

CASE 15310 (re-opened): Application Of COG Operating LLC To Re-Open Case No. 15310 to Contract the Non-Standard Project Area To Conform With The Boundaries Of Acreage Subject To A Proposed State Communitization Agreement, Lea County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order No. R-14033 to contract the non-standard project area in the Bone Spring formation to conform to the boundaries of a proposed state communitization agreement covering the W/2 and W/2 E/2 of Section 27, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico. This acreage has been placed in the WC-025 G-06 S213323S; Bone Spring Pool (Pool Code 97929) and is subject to the Division's general statewide rules for oil development. The subject acreage is located approximately 22 miles west of Eunice, New Mexico.