



OCEAN MUNDS-DRY  
Senior Attorney

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June 7, 2016

VIA HAND-DELIVERY

Mr. David Catanach, Director  
Oil Conservation Division  
New Mexico Department of Energy, Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13504*

Re: Application of COG Operating LLC for a non-standard spacing and proration unit, non-standard location and compulsory pooling, Lea County, New Mexico: Harpo 8 Fed Com Well No. 14H

Dear Director Catanach:

Enclosed for filing please find COG Operating LLC 's application for a non-standard oil spacing and proration unit and compulsory pooling, along with a proposed advertisement. Concho requests this application be heard on the July 7, 2016 Division Examiner docket.

Thank you for your time and attention to this matter.

Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
Senior Attorney  
COG Operating LLC

OMD:mho  
Enclosures

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701  
P 432.683.7443 | F 432.683.7441

SANTA FE OFFICE

1048 PASEO DE PERALTA | SANTA FE, NEW MEXICO 87501  
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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

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

CASE NO. 15504

**APPLICATION**

COG Operating LLC ("Concho"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) creating a 240-acre, more or less, oil spacing and proration unit in the Yeso formation, comprised of the S/2 NE/4 of Section 7 and S/2 N/2 of Section 8, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this proposed non-standard spacing and proration unit. In support of this application, Concho states as follows:

1. Concho is an interest owner in the subject lands and has the right to drill a well thereon.
2. Concho seeks to dedicate the S/2 NE/4 of said Section 7 and the S/2 N/2 of said Section 8 to the proposed well to form a non-standard 240-acre, more or less, oil spacing and proration unit (the "Project Area").
3. Concho proposes to drill the **Harpo 8 Federal Com Well No. 14H** to a depth sufficient to test the Yeso formation from a surface location in the SW/4 NW/4 (Unit E) of Section 9 to a bottomhole location in the SW/4 NE/4 (Unit G) of Section 7.

4. This Project Area is located within the Maljamar; Yeso West Pool (44500). The completed interval for this well will be within the 330-foot standard offset required by the rules.
5. Concho has sought, but been unable to obtain, a voluntary agreement from all mineral interest owners in the Yeso formation underlying the proposed Project Area to participate in the drilling of the well or to otherwise commit their interests to the well.
6. Approval of the non-standard unit and the pooling of all mineral interests in the Yeso formation underlying the proposed Project Area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.
7. Notice of this application has been given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, COG Operating LLC requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 7, 2016, and after notice and hearing as required by law, the Division enter its order:

A. Creating a non-standard oil spacing and proration unit ("Project Area") in the Yeso formation comprised of the S/2 NE/4 of Section 7 and S/2 N/2 of Section 8, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Yeso formation underlying this non-standard spacing and proration unit/Project Area;

C. Designating Concho as operator of this unit and the well to be drilled thereon;

D. Authorizing Concho to recover its costs of drilling, equipping and completing this 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,

A handwritten signature in black ink that reads "Ocean Munds-Dry". The signature is written in a cursive, flowing style. The "O" is large and loops around the "cean". The "Munds-Dry" part is also cursive, with the "D" being particularly large and looping.

Ocean Munds-Dry  
Senior Attorney  
COG Operating LLC  
1048 Paseo de Peralta  
Santa Fe, New Mexico 87501  
(505) 780-8000  
(505) 428-0485 Facsimile  
*omundsdry@concho.com*

**EXHIBIT A**  
**COG OPERATING LLC NOTICE LIST**

Parties to be pooled:

ConocoPhillips Company  
Attn: Cody Travers  
600 North Dairy Ashford  
Houston, TX 77079

Chevron U.S.A.  
Attn: Cody Cole  
1400 Smith Street Room 42114  
Houston, TX 77252

Offsets:

ConocoPhillips Company  
Attn: Cody Travers  
600 North Dairy Ashford  
Houston, TX 77079

Occidental Permian LP  
Attn: Permian Land Manager – New Mexico  
P.O. Box 4294  
Houston, TX 77210-4294

CASE NO. 15504 : **Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 240-acre, more or less, oil spacing and proration unit in the Yeso formation, comprised of the S/2 NE/4 of Section 7 and S/2 N/2 of Section 8, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico; and (2) pooling all mineral interests in the Yeso formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the Project Area for the **Harpo 8 Federal Com Well No. 14H**, to be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 9 to a bottomhole location in the SW/4 NE/4 (Unit G) of Section 7. The completed interval for this well will be within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the 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 1 mile west of Maljamar, New Mexico.

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