

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.

RECEIVED COG
2016 AUG 16 P 3:13
CASE NO: 15546

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 non-standard 234.76-acre, more or less, spacing and proration unit comprised of Lot 4, SE/4 SW/4 and S/2 SE/4 of irregular Section 18, Township 18 South, Range 31 East, and the S/2 SE/4 of Section 13, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation (Twiggy-Shugart; Bone Spring Pool (56405)). In support of its application, COG states:

1. COG Operating LLC (OGRID No. 229137) is a working interest owner in the proposed non-standard unit and has the right to drill thereon.
2. COG seeks to dedicate the above-referenced non-standard unit as the project area for its proposed **Twiggy Squirrel Fed Com No. 1H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 17, Township 18 South, Range 31 East, to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 30 East, NMPM, in Eddy County, New Mexico.

3. This project area is located within the Twiggy-Shugart; Bone Spring Pool (56405) and the completed interval for this well will remain within the 330-foot standard offset required by the Division's Statewide Rules.

4. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the proposed non-standard unit.

5. The pooling of interests in the proposed non-standard unit 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 unit should be pooled and COG Operating LLC should be designated the operator.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 15, 2016, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 234.76-acre, more or less, non-standard spacing and proration unit in the Bone Spring formations (Twiggy-Shugart; Bone Spring Pool (56405)) comprised of the of Lot 4, SE/4 SW/4 and S/2 SE/4 of irregular Section 18, Township 18 South, Range 31 East, and the S/2 SE/4 of Section 13, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico;
- B. Pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit;

- C. Designating COG Operating LLC operator of this non-standard spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing COG to recover its costs of drilling, equipping and completing the well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

ATTORNEYS FOR COG OPERATING LLC

CASE 15546

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 234.76-acre, more or less, spacing and proration unit comprised of Lot 4, SE/4 SW/4 and S/2 SE/4 of irregular Section 18, Township 18 South, Range 31 East, and the S/2 SE/4 of Section 13, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation (Twiggy-Shugart; Bone Spring Pool (56405)) underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Twiggy Squirrel Fed Com No. 1H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 17, Township 18 South, Range 31 East, to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 13, Township 18 South, Range 30 East. The completed interval for this well will remain within the 330-foot standard offset required by the Division's statewide 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 6 miles Southeast of Loco Hills, New Mexico.