

**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/OR UNORTHODOX
LOCATION, EDDY COUNTY, NEW MEXICO.**

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2017 FEB 14 10:11
CASE NO. 15643

APPLICATION

COG Operating LLC, ("COG") through its undersigned attorneys, hereby files this application with the Oil Conservation Division for an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the E/2 of Section 36, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico; and/or (2) approving an unorthodox location for the **Bultaco State No. 3H Well**. In support of this application, COG states as follows:

1. COG Operating LLC (OGRID No. 229137) is a working interest owner in the proposed non-standard spacing unit.
2. The E/2 of Section 36 is comprised of a single state lease (VO-6206-3). Ownership throughout the E/2 of Section 36 is common. Due to different elections made by working interest owners pursuant to an operating agreement, the working interest owners have different percentage ownership in the W/2 E/2 and E/2 E/2 of Section 36.
3. COG has drilled three wells in the Livingston Ridge; Bone Spring Pool (Pool Code 39350) underlying the subject acreage:

- The Bultaco State No. 1H Well (API No. 30-015-41038) in the E/2 E/2 of Section 36;
- The Bultaco State No. 2H Well (API No. 30-015-41298) in the W/2 E/2 of Section 36; and
- The Bultaco State No. 3H Well (API No. 30-015-43670) in the E/2 E/2 of Section 36.

4. The Bultaco State No. 1H Well and the Bultaco State No. 2H Well have been completed and are producing. The Bultaco State No. 3H Well has not yet been completed due to a pending administrative request with the Division for an unorthodox location.

5. The Livingston Ridge; Bone Spring Pool (Pool Code 39350) is subject to the Division's statewide rule providing for 40-acre spacing units. COG's drilling program for the subject acreage has resulted in the development of each of the 40-acre tracts comprising the non-standard spacing unit.

6. The first perforation for the Bultaco State No. 3H Well is located approximately 330 feet from the South line and 1,295 feet from the East line (Unit P). The last perforation is located 100 feet from the North line and 1,295 feet from the East line (Unit A). For this reason, the producing interval is encroaching on the spacing and proration units to the North, Northwest, West, and Southwest of the subject well. If the Division approves a non-standard spacing unit, the tracts affected by the non-standard location will be the spacing and proration units to the North, Northwest, and Southwest.


7. Approval of the non-standard spacing unit and unorthodox location will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. Notice of this application is being given in accordance with Division rules.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 16, 2017, and, after notice and hearing as required by law, the Division enter an order creating a non-standard spacing and proration unit in the Bone Spring formation comprised of the E/2 of Section 36, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, and approve an unorthodox location for the Bultaco State No. 3H Well.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC

CASE 15643

Application of COG Operating LLC for a non-standard spacing and proration unit and/or unorthodox location, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the E/2 of Section 36, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico; and/or (2) approving an unorthodox location for the Bultaco State No. 3H Well. The non-standard spacing unit will be dedicated to the Bultaco State No. 1H Well, the Bultaco State No. 2H Well, and the Bultaco State No. 3H Well. The first perforation for the Bultaco State No. 3H Well is located approximately 330 feet from the South line and 1,295 feet from the East line (Unit P). The last perforation is located 100 feet from the North line and 1,295 feet from the East line (Unit A). For this reason, the producing interval is encroaching on the spacing and proration units to the North, Northwest, West, and Southwest of the subject well. Said area is located approximately 22 miles northeast of Malaga, New Mexico.