

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

**APPLICATION OF COG OPERATING LLC
FOR APPROVAL OF THE TOMAHAWK UNIT,
ELIMINATION OF INTERNAL SETBACKS
WITHIN UNIT AREA, AND APPROVAL FOR SURFACE
COMMINGLING, EDDY COUNTY, NEW MEXICO.**

JUN 28 2019 PM03:24

CASE NO. 20659

APPLICATION

COG Operating LLC ("COG"), pursuant to N.M.A.C. 19.15.20.14, hereby makes application for an order (1) approving its Tomahawk Unit; (2) for elimination of internal setbacks within the unit area; and (3) approval for surface commingling within the unit area. In support of this Application, COG states:

1. The proposed "Unit Area" for the Tomahawk Unit consists of 4,803.16 acres, more or less, of federal, state, and fee lands situated in Eddy County, New Mexico, specifically:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, N.M.P.M.

Section 17:	All
Section 18:	All
Section 19:	E/2
Section 20:	All
Section 29:	All
Section 30:	All
Section 31:	All
Section 32:	All

2. COG (OGRID No. 229137) is the designated operator under the proposed Unit Agreement for the Development and Operation of the Tomahawk Unit Area, Eddy, County, New Mexico ("Unit Agreement"). The unitized interval includes from the top of the Wolfcamp Formation down to and including the base of the Wolfcamp Formation, specifically described in

the Unit Agreement as: all oil and gas from the entire Wolfcamp Formation, including the top of the Wolfcamp Formation, which occurs at a measured depth of 9,285 feet, down to the stratigraphic equivalent of the base of the Wolfcamp Formation, which occurs at a measured depth of 10,853 feet as reflect on the gamma ray log in the High Brass Fee No. 1 Well in the SE/4NW/4 of Section 20, Township 24 North, Range 28 East, N.M.P.M. (API #30-015-33952) (the "Unitized Interval").

3. COG is the majority interest owner in the Unit Area. COG has met with interest owners within the proposed Unit Area and is still in the process of obtaining the necessary approvals of the Unit Agreement, but anticipates once the process is completed, it will have effective control of unit operations.

4. Over 41.67% of the mineral acreage in the proposed Unit Area is federal, 20.83% is state, and 37.50% is fee minerals.

5. COG has received preliminary approval of the Unit Agreement from the Bureau of Land Management and the New Mexico State Land Office.

6. Pursuant to the terms of the proposed Unit Agreement, the Unit Area will be initially developed and operated as two (2) Participating Areas, one for the north of the Unit Area and one for the south of the Unit Area.

7. Pursuant to 19.15.20.14 NMAC, after notice and hearing, the Division may approve the combining of contiguous developed proration units into a unitized area.

8. The Unit Area is currently subject to the Special Rules and Regulations for the Purple Sage-Wolfcamp Gas Pool (Pool Code 98220) adopted in 2016 under Division Order R-14262.

9. Rule 2 of the Special Rules for the Purple Sage-Wolfcamp Gas Pool requires horizontal wells to be located no closer than 330 feet to the exterior boundary of the applicable

spacing unit, with 10-foot setbacks for the surface location and bottomhole location from any quarter-quarter section line.

10. Consistent with the statewide rules for horizontal oil wells, in order to allow for the most efficient horizontal well development pattern for the production of oil and gas, and to effectively drain the reserves in the unitized formation underlying the Unit Area, COG requests that the Division grant an exception to Rule 2 of the Purple Sage-Wolfcamp Gas Pool for no internal setbacks within the Unit Area.

11. Because multiple initial Participating Areas and state, federal and fee leases are included with the Unit Area, COG seeks surface commingling approval for the entire Unit Area for production from the Unitized Interval so that it can use common facilities across the Unit Area.

12. Notice of this Application has been provided to the affected parties in the spacing units offsetting the proposed Unit Area, as well as all working interest, overriding royalty, and mineral and royalty interest owners within the proposed Unit Area.

13. COG has also caused notice of this Application to be published in a local newspaper of general circulation in Eddy County, New Mexico.

14. Approval of this Application, the elimination of internal setbacks, and surface commingling within the Unit Area is in the best interest of conservation, the preservation 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 August 8, 2019, and that after notice and hearing this Application be approved.

Respectfully submitted,

COG Operating LLC



Elizabeth A. Ryan
Ocean Munds-Dry
William F. Carr
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
505.780.8000
eryan@concho.com
omundsdry@concho.com
wcarr@concho.com

ATTORNEYS FOR COG OPERATING LLC

Case No. 20659: **Application of COG Operating LLC for Approval of the Tomahawk Unit, Elimination of Internal Setbacks within Unit Area, and Approval for Surface Commingling, Eddy County, New Mexico.** Applicant seeks approval for its Tomahawk Unit consisting of 4,803.16 acres, more or less, of federal, state, and fee lands situated in all or parts of Sections 17-20, and 29-32 of Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The Unitized Interval includes all formations from the top of the Wolfcamp Formation down to and including the base of the Wolfcamp Formation. In addition, Applicant seeks an order eliminating all internal setbacks within the proposed Unit Area and approval of surface commingling. The subject acreage is approximately 1.89 miles west of Malaga, New Mexico.