

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

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IN THE MATTER OF THE
APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO

CASE NO. 14492

APPLICATION

COG Operating LLC by its undersigned attorneys, Montgomery & Andrews, P.A. (J. Scott Hall) hereby makes application pursuant to NMSA 1978 Section 70-2-17 (1995) for an order pooling all interests in all formations developed on a 40-acre basis below the base of the Unitized Formation of the Maljamar Grayburg Unit to the top of the Abo formation, including the Blinebry and Paddock members of the Yeso formation, West Maljamar Yeso Pool (44500) underlying the SE/4 NE/4 of Section 9, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, to form a standard 40-acre spacing and proration unit. Applicant would show the Division:

1. Applicant owns certain working interests in and under the SE/4 NE/4 of Section 9, and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced pooled unit to its Taylor D Well No. 4 to be drilled from a standard location 2120' from the North line and 475' from the East line to a depth sufficient to test the Blinebry and Paddock members of the Yeso formation underlying the SE/4 NE/4 of Section 9, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

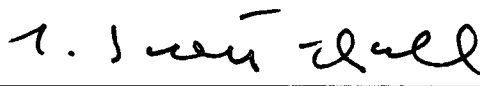
3. Applicant has been unable to obtain leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formations underlying the SE/4 NE/4 of said Section 9.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on June 10, 2010 and that after notice and hearing as required by law, the Division enter its Order pooling the lands and designating Applicant as operator of the well, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

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