

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15027 Re-Opened
ORDER NO. R-13744-A**

**APPLICATION OF COG OPERATING LLC TO AMEND ORDER NO. R-13744
TO CHANGE THE INITIAL WELL DEDICATED TO THE APPROVED
SPACING AND PRORATION UNIT, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 1, 2014, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 6th day of May, 2014, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of the subject matter of this case.

(2) Pursuant to a previous hearing, the Division, on September 12, 2013, issued Order No. R-13744, granting the application of COG Operating LLC (the "Applicant") for approval of a non-standard spacing and proration unit and compulsory pooling. The Order established a non-standard 160-acre oil spacing and proration unit and project area (the "Unit") consisting of the N/2 of the N/2 of Section 9, Township 17 South, Range 32 East, NMPM, in Lea County, New Mexico.

(3) Order No. R-13744 designated that the Unit be dedicated to the Sneed 9 Federal Com. Well No. 1H (API No. 30-025-41489), a horizontal well to be drilled from a surface location 330 feet from the North line and 150 feet from the West line (Unit letter D) of Section 9. The well would penetrate the Yeso formation and continue horizontally to a standard terminus, or bottomhole location, 330 feet from the North line and 330 feet from the East line (Unit letter A) of Section 9.

(4) Subsequently, Applicant requested the proposed well for the Unit be the Sneed 9 Federal Com. Well No. 2H (API No. 30-025-41409; the "new proposed well") a horizontal well to be drilled from a non-standard surface location 990 feet from the North line and 150 feet from the West line (Unit letter D) of Section 9. The well will penetrate the Yeso formation and continue horizontally to a standard terminus, or bottomhole location, 990 feet from the North line and 330 feet from the East line (Unit letter A) of Section 9.

(5) At the hearing, Applicant through counsel presented evidence that it had given notice of the application and the re-opened hearing to interest owners, or their heirs, successors or assigns, by certified mail pursuant to 19.15.4.12.B NMAC.

(6) Applicant also presented information by affidavit to the effect that:

(a) the Sneed 9 Federal Com. Well No. 1H has not been drilled;

(b) the proposed new well is closer to the South line of the Unit, but the completed interval will be within all applicable setbacks and has the same orientation and target zone as the Sneed 9 Federal Com. Well No. 1H; and

(c) the United States Bureau of Land Management has approved an Application for Permit to Drill for the new proposed well.

(7) Applicant requested no change of overhead rates provided in Ordering Paragraph (16) of Order No. R-13744.

(8) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division therefore concludes:

(9) The designation of the Applicant's new proposed well for the Unit will protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons.

(10) Order No. R-13744 should be amended to dedicate the Unit to the new proposed well.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Application of COG Operating LLC (OGRID 229137), Order No. R-13744, issued in this case on September 12, 2013, is hereby amended to change the well initially dedicated to the Unit.

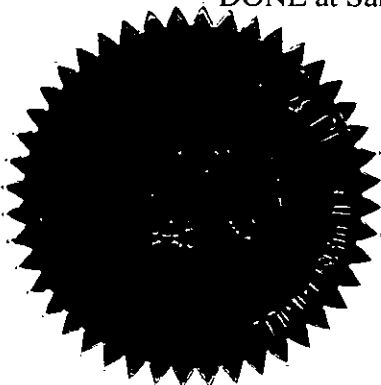
(2) Ordering Paragraph (3) of Order No. R-13744 is amended to read in its entirety, as follows:

(3) The Unit shall be dedicated to applicant's **Sneed 9 Federal Com. Well No. 2H** (the "proposed well"; API No. 30-025-41409), a horizontal well to be drilled from a surface location 990 feet from the North line and 150 feet from the West line (Unit letter D) of Section 9 to a standard terminus 990 feet from the North line and 330 feet from the East line (Unit letter A) of Section 9. The completed interval of the proposed well in the Yeso formation will be orthodox.

(3) All other provisions of Order No. R-13744 shall remain in full force and effect.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Jami Bailey".

JAMI BAILEY
Director