

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

**APPLICATION OF COTERRA ENERGY
OPERATING CO. FOR
COMPULSORY POOLING,
AND, TO THE EXTENT NECESSARY, APPROVAL OF AN
OVERLAPPING SPACING UNIT,
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Coterra Energy Operating Co. ("Coterra"), OGRID Number 215099, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order (1) pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring spacing unit comprised of the E/2W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) to the extent necessary, approval of an overlapping spacing unit. In support of this application, Coterra states as follows:

1. Coterra has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Coterra seeks to dedicate the E/2W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, Bone Spring horizontal spacing unit.
3. Coterra seeks to dedicate the unit to the **Southern Hills 32-29 Fed Com #3H** well with a proposed surface hole location in the SE/4 SW/4 (Unit N) of Section 32 and proposed bottom hole location in the NE/4 NW/4 (Unit C) of Section 29.
4. The well will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.

5. This proposed horizontal spacing unit will partially overlap with the following existing Bone Spring spacing units, which are in the WC-015 G-03 S252636M;BONE SPRING pool (Pool code 97818):

- a. A 160-acre spacing unit comprised of the E/2W/2 of Section 29, dedicated to COG Operating LLC's Populus Federal #3H well (API 30-015-43256); and
- b. A 160-acre spacing unit comprised of the E/2W/2 of Section 32, dedicated to Coterra Energy Operating Co.'s Cottonwood Hills 32 State Com #3H well (API 30-015-41603).

6. Coterra sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. The pooling of all interests in the Bone Spring formation underlying the proposed unit, and approving, to the extent necessary, the overlapping spacing unit, will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Coterra requests that this case is set for hearing before an Examiner of the Oil Conservation Division on May 8, 2025, and after notice and hearing as required by law, the Division enter its order:

- A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico;
- B. Designating Coterra as operator of this unit and the wells to be drilled thereon;
- C. Authorizing Coterra to recover its costs of drilling, equipping and completing the well;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

F. Approving, to the extent necessary, the proposed overlapping spacing unit;

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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CASE NO. ____: Application of Coterra Energy Operating Co. for compulsory pooling, and, to the extent necessary, approval of an overlapping spacing unit Eddy County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted interests in a standard 320-acre, more or less, Bone Spring horizontal spacing unit comprised of the E/2W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Southern Hills 32-29 Fed Com #3H** well with a proposed surface hole location in the SE/4 SW/4 (Unit N) of Section 32 and proposed bottom hole location in the NE/4 NW/4 (Unit C) of Section 29. The well will be drilled at orthodox locations. Applicant also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed horizontal spacing unit will partially overlap with the following existing Bone Spring spacing units in the WC-015 G-03 S252636M; BONE SPRING pool (Pool code 97818):

- A 160-acre spacing unit comprised of the E/2W/2 of Section 29, dedicated to COG Operating LLC's Populus Federal #3H well (API 30-015-43256); and
- A 160-acre spacing unit comprised of the E/2W/2 of Section 32, dedicated to Coterra Energy Operating Co.'s Cottonwood Hills 32 State Com #3H well (API 30-015-41603); and

Also to be considered will be the cost of drilling, completing, and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Coterra Energy Operating Co. as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles southwest of Loving, New Mexico.