

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

**APPLICATION OF COTERRA ENERGY
OPERATING CO. FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Coterra Energy Operating Co. (“Applicant”) (OGRID No. 215099), through its undersigned attorney, hereby files this Application with the Oil Conservation Division of the State of New Mexico (“Division”) for an order (1) creating an 800-acre, more or less, standard horizontal well spacing unit comprised of the E/2 of Sections 14 and 23, and the NE/4 of Section 26, all located in Township 19 South, Range 35 East, NMPM, Lea County, New Mexico (“Unit”), and (2) pooling all uncommitted interest within the Bone Spring formation, designated as an oil pool (Pearl; Bone Spring, Pool Code 49680), underlying said Unit. In support of its Application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced Unit to the following well, referred to herein as the Well:
 - a. **Chile Federal Com 224H** well (API No. Pending), which will be horizontally drilled from a surface hole location 320’ FNL and 1,246’ FEL of Section 14, Township 19 South, Range 35 East, to a bottom hole location 2,554’ FNL and 1,040’ FEL of Section 26, Township 19 South, Range 35 East.
3. Applicant provides notice that the proposed Unit partially overlaps 1 existing standard horizontal spacing unit and 2 existing vertical spacing units dedicated as follows:
 - a. Blue Box Federal Com #505H well (API No. 30-025-52080), a Scharb; Bone Spring [55610] well producing from the W/2 SW/4 of Section 1, the W/2 W/2 of Sections 12 and 13, the E/2 SE/4 of Section 2, and the E/2 E/2 of Sections 11 and 14, all located in Township 19 South, Range 35 East, NMPM, Lea County, New Mexico (800 acres). This overlap affects approximately 160 acres in Section 14.
 - b. Swan State 23 State Com #001 well (API No. 30-025-38626), a Pearl; Bone Spring [49680] well producing from the SW/4 SE/4 of Section 23, Township 19 South,

Range 35 East, NMPM, Lea County, New Mexico (40 acres). This overlap affects approximately 40 acres in Section 23.

- c. Pearl 26 State #001 well (API No. 30-025-38241), a Pearl; Bone Spring [49680] well producing from the SW/4 NE/4 of Section 26, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico (40 acres). This overlap affects approximately 40 acres in Section 26.
4. The completed interval of the Well will be orthodox and remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed Unit under NMAC 19.15.16.15(B)(1)(6).
5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
6. The approval of this Unit and pooling of uncommitted interests within the Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

WHEREFORE, Applicant requests this Application be set for hearing on June 4, 2026, and that after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

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