

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

**APPLICATION OF COG OPERATING
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating LLC ("COG") applies for an order pooling all uncommitted mineral interests in the Bone Spring formation in a 640-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 22 and the W/2 of Section 27, Township 22 South, Range 34 East in Lea County, New Mexico. In support of its Application, COG states:

1. COG (OGRID No. 229137) is a working interest owner in the W/2 of Section 22 and the W/2 of Section 27 and has the right to drill wells thereon.
2. The horizontal spacing unit will be dedicated to the following wells:
 - a. Squints Federal Com #7H well, which will be horizontally drilled from a surface location in Unit N in Section 27 to a bottom hole location in Unit C in Section 22, Township 22 South, Range 34 East.
 - b. Squints Federal Com #8H well, which will be horizontally drilled from a surface location in Unit M in Section 27 to a bottom hole location in Unit D in Section 22, Township 22 South, Range 34 East.
3. The completed intervals for the wells will be orthodox.

4. COG has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells but has been unable to obtain voluntary agreements from all of the mineral interest owners.

5. The pooling of all uncommitted mineral interests in the Bone Spring formation underlying the W/2 of Section 22 and the W/2 of Section 27 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the horizontal spacing unit should be pooled.

WHEREFORE, COG requests that this application be set for hearing on November 14, 2019 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the W/2 of Section 22 and the W/2 of Section 27;

B. Designating COG as the operator of the Squints Federal Com #7H and #8H wells;

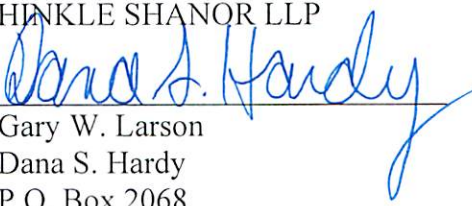
C. Authorizing COG to recover its costs of drilling, equipping, and completing the Squints Federal Com #7H and #8H wells and allocating the costs among the wells' working interest owners;

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

E. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the Squints Federal Com #7H and #8H wells against any mineral interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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