

**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 Wolfcamp formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 18, Township 24 South, Range 34 East in Lea County, New Mexico. In support of its Application, COG states the following.

1. COG (OGRID No. 229137) is a working interest owner in the E/2 E/2 of Section 18 and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to the Sebastian Federal Com #703H well, which will be horizontally drilled from a surface location in Unit B to a bottom hole location in Unit P in Section 18, Township 24 South, Range 34 East.
3. The completed interval for the well 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 well 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 Wolfcamp formation underlying the E/2 E/2 of Section 18 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 December 12, 2019 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying the E/2 E/2 of Section 18, Township 24 South, Range 34 East;

B. Designating COG as the operator of the Sebastian Federal Com #703H well;

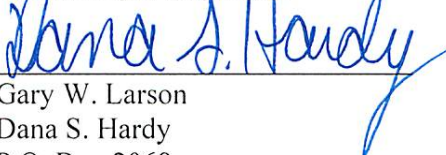
C. Authorizing COG to recover its costs of drilling, equipping, and completing the Sebastian Federal Com #703H well and allocating the costs among the well's working interest owners;

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 Sebastian Federal Com #703H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HINKLE SHANOR LLP



Gary W. Larson

Dana S. Hardy

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

glarson@hinklelawfirm.com

dhardy@hinklelawfirm.com

Counsel for COG Operating LLC