

**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. 20224

APPLICATION

COG Operating LLC ("COG"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation in the 320-acre horizontal spacing unit comprised of the W/2E/2 and the E/2W/2 of Section 11, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. In support of its application, COG states:

1. COG Operating LLC (OGRID No. 229137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. COG seeks to dedicate the above-referenced horizontal spacing unit to its proposed **Van Gogh Fee #101H Well**, which will be horizontally drilled from a surface location in the NW/4NE/4 (Unit B) to a bottom hole location in the SW/4SE/4 (Unit O) of Section 11.
3. Pursuant to NMAC 19.15.16.15(B)(1)(b), COG will incorporate the W/2E/2 and the E/2W/2 of Section 11 into its standard horizontal spacing unit. Incorporating the proximity tracts, the completed interval for **Van Gogh Fee #101H Well** will comply with the statewide setback requirements set forth in 19.15.16.15 NMAC.

4. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and COG Operating LLC should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 24, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating COG Operating LLC operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing COG to recover its costs of drilling, equipping, and completing the well;
- D. 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
- E. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC

CASE _____:

Application of COG Operating LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a 320-acre horizontal spacing unit comprised of the W/2E/2 and the E/2W/2 of Section 11, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed **Van Gogh Fee #101H Well**, which will be horizontally drilled from a surface location in the NW/4NE/4 (Unit B) to bottom hole location in the SW/4SE/4 (Unit O) of Section 11. Pursuant to NMAC 19.15.16.15(B)(1)(b), COG will incorporate the W/2E/2 and the E/2W/2 of Section 11 into its standard horizontal spacing unit. Incorporating the proximity tracts, the completed interval for **Van Gogh Fee #101H Well** will comply with the statewide setback requirements set forth in 19.15.16.15 NMAC. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 17 miles northwest of Jal, New Mexico.