

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

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

CASE NO. 20526

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 Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool) underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 6 and 7, Township 25 South, Range 30 East, NMPM, Eddy 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. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- The **Huevos Rancheros State Com 701H** and **Huevos Rancheros State Com 702H** wells to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 7 to a bottom hole location in NE/4 NE/4 (Unit A) of Section 6; and
- The **Huevos Rancheros State Com 703H** well to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 7 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 6.

3. The proposed wells will comply with the setback requirement imposed by the Special Rules for the Purple Sage; Wolfcamp (Gas) Pool.

4. Because the proposed wells will be simultaneously drilled and completed, Applicant requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

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

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

7. In order to permit Applicant 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 Applicant should be designated the operator of these proposed horizontal wells and spacing unit.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 13, 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 and approving the initial wells thereon;
- B. Authorizing an extension of the 120-day requirement to drill and complete the initial wells;
- C. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;

- 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% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC

CASE 20526

Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool) underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Sections 6 and 7, Township 25 South, Range 30 East, NMPM, Eddy County, New Mexico. This standard horizontal spacing unit will be initially dedicated to the following proposed wells:

- The **Huevos Rancheros State Com 701H** and **Huevos Rancheros State Com 702H** wells to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 7 to a bottom hole location in NE/4 NE/4 (Unit A) of Section 6; and
- The **Huevos Rancheros State Com 703H** well to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 7 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 6.

The completed interval of the wells will comply with setback requirements set forth in the Special Rules for the Purple Sage Wolfcamp Gas Pool. Also, to be considered will be an extension of the timeframe to drill and complete the initial wells, the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the wells, and the imposition of a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 11 miles southeast of Malaga, New Mexico.