

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

**APPLICATION OF COG OPERATING LLC  
FOR COMPULSORY POOLING AND APPROVAL  
OF NON-STANDARD SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

In accordance with NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), COG Operating LLC (OGRID No. 229137) (“COG” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) seeking an order: (1) establishing a 640-acre, more or less, non-standard horizontal spacing unit comprised of the E/2 W/2 and W/2 E/2 of Sections 26 and 35, Township 25 South, Range 35 East, Lea County, New Mexico (“Unit”); and (2) pooling all uncommitted interests in the Bone Spring formation underlying the Unit. In support of this application, COG states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
  - a. The **Energy Dome Federal Com 102H** well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26;
  - b. The **Energy Dome Federal Com 103H** well, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 35 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 26;

- c. The **Energy Dome Federal Com 502H** well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26;
  - d. The **Energy Dome Federal Com 503H** well, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 35 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 26;
  - e. The **Energy Dome Federal Com 601H** well, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26; and
  - f. The **Energy Dome Federal Com 602H** well, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 35 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 26.
3. The completed intervals of the Wells will be orthodox.
  4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
  5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
  6. Approval of a non-standard horizontal spacing unit is necessary to 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 as the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the initial wells in the Unit;
- D. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. 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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