

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

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

CASE NO. _____

APPLICATION

In accordance with NMSA 1978, § 70-2-17, COG Operating LLC (“COG” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) seeking an order pooling all uncommitted interests in the Bone Spring formation underlying a 1,440-acre, more or less, non-standard horizontal spacing unit comprised of the W/2 and W/2 E/2 of Sections 3, 10, and 15, Township 26 South, Range 29 East, Eddy County, New Mexico (“Unit”). In support of this application, COG states the following.

1. Applicant (OGRID No. 229137) is a working interest owner in the Unit and has the right to drill wells thereon.
2. Applicant seeks to dedicate the Unit to the following wells (“Wells”):
 - a. **Rock Jelly Federal Com 703H** well, which will be drilled from a surface hole location in Lot 3 (NE/4 NW/4 equivalent) of Section 3 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 15; and
 - b. **Rock Jelly Federal Com 704H** well, which will be drilled from a surface hole location in Lot 3 (NE/4 NW/4 equivalent) of Section 3 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 15.
3. The completed intervals of the Wells will be orthodox.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the Unit.

5. The pooling of 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 permit 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 the operator of the proposed horizontal wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the initial wells in the Unit;
- C. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- 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,

HINKLE SHANOR LLP

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