

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

**APPLICATION OF COTERRA ENERGY
OPERATING CO., FOR APPROVAL OF
STANDARD HORIZONTAL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Coterra Energy Operating Co., (“Coterra” or “Applicant”), OGRID No. 215099, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 480-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the E/2 W/2 of Sections 8, 17, and 20, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Osudo; Bone Spring, North Pool [48040] (the “Bone Spring Pool”), designated as an oil pool, underlying said HSU.

In support of its Application, Coterra states the following:

1. Coterra and/or its affiliates are working interest owners in the Application Lands and have the right to drill wells thereon as the designated Operator of the Application Lands.
2. Coterra seeks to dedicate all of the Application Lands to form a 480-acre, more or less, HSU.
3. Coterra seeks to dedicate the above-referenced HSU to the following proposed well:
 - A. **Mutton Bustin 8-20 Fed Com 222H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D)

of Section 8, Township 20 South, Range 36 East, to a bottom hole location in the Bone Spring Pool in the SE/4 SW/4 (Unit N) of Section 20, Township 20 South, Range 36 East.

4. The well is orthodox in location as defined by 19.15.16.15.(C) NMAC, and the take points and lateral comply with statewide rules for setbacks.

5. Coterra has made good faith efforts to obtain voluntary agreement from all interest owners in the Osudo; Bone Spring, North Pool underlying the proposed spacing unit, but has been unable to secure agreement from all parties to participate in the drilling of the well or otherwise commit their interests.

6. The pooling of all interests in the Osudo; Bone Spring, North Pool within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. To provide for its just and fair share of oil and gas underlying the Application Lands, Coterra requests that all uncommitted interests in this HSU be pooled and that Coterra be designated as the operator of the proposed horizontal well and HSU.

WHEREFORE, Coterra requests this Application be set for hearing on October 8, 2026, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests in Osudo; Bone Spring, North Pool underlying the HSU within the Application Lands;
- B. Approving the **Mutton Bustin 8-20 Fed Com 222H** as the initial well for the HSU;
- C. Designating Coterra as operator of the HSU and the horizontal well to be drilled thereon;

- D. Authorizing Coterra to recover its costs of drilling, completing, and equipping the well;
- 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 Coterra in drilling, equipping, and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

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Application of Coterra Energy Operating Co., for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) approving a 480-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the E/2 W/2 of Sections 8, 17, and 20, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico (the “Application Lands”), and (2) pooling all uncommitted mineral interests in the Osudo; Bone Spring, North Pool [48040] (the “Bone Spring Pool”), designated as an oil pool, underlying said HSU. The proposed well to be dedicated to the horizontal spacing unit is the: **Mutton Bustin 8-20 Fed Com 222H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 8, Township 20 South, Range 36 East, to a bottom hole location in the Bone Spring Pool in the SE/4 SW/4 (Unit N) of Section 20, Township 20 South, Range 36 East, N.M.P.M., Lea County, NM. The well is orthodox in location, and the take points and lateral comply with statewide rules. The well and lands are located approximately 14 miles south of Hobbs, New Mexico.