

**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. _____

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 (Pool code 98220), 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 (OGRID Number 229137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. COG proposes to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells, which it proposes to drill simultaneously:

- The **Huevos Rancheros State Com 701H** well to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 7 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 6,
- The **Huevos Rancheros State Com 702H** well to be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of

Section 7 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 6, and

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

3. Because the proposed wells will be simultaneously drilled and completed, COG requests an extension of the 120-day period to drill and complete a well provided by the standard pooling order. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

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

5. 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 the subject spacing unit should be pooled and COG should be designated the operator of the 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 May 14, 2020, 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. Approving the initial wells in the horizontal spacing unit;
- C. Providing an extension of the 120-day requirement to drill and complete a well;
- D. Designating COG as operator of this spacing unit and the wells to be drilled thereon;

- E. Authorizing COG to recover its costs of drilling, equipping and completing the wells;
- F. 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
- G. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

COG OPERATING LLC

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ATTORNEYS FOR COG OPERATING LLC

CASE : **Application of COG Operating LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interest owners in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (Pool code 98220), 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. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

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

Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 9.9 miles southeast of Malaga, New Mexico.