

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

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

CASE NO. _____

APPLICATION

COG Operating LLC (“Applicant”) (OGRID No. 229137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in a portion of the Bone Spring formation, from a depth of 10,000 feet to the base of the Bone Spring formation, underlying a standard 639.87-acre, more or less, horizontal spacing unit comprised of Lots 3 & 4, S/2 NW/4, SW/4 (W/2 equivalent) of Section 5, Township 24 South, Range 32 East and the W/2 of Section 32, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico. In support of its application, COG states:

1. Applicant 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 wells:

- the **Gin and Tectonic Federal Com #504H well**, to be drilled from a surface hole location in SE/4 SW/4 (Unit N) of Section 5 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 32; and
- the **Gin and Tectonic Federal Com #505H well** and the **Gin and Tectonic Federal Com #506H well**, to be drilled from a surface hole location in

SW/4 SW/4 (Unit M) of Section 5 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 32.

3. The completed interval for the proposed **Gin and Tectonic Federal Com #505H well** will be within 330' of the line separating the E/2 W/2 and W/2 W/2 to allow inclusion of this acreage in the spacing unit.

4. A depth severance exists in the Bone Spring formation within the proposed the horizontal spacing unit. As such, COG seeks to pool only a portion of the Bone Spring formation, from a depth of 10,000 feet, to the base of the Bone Spring formation, as defined in the Assignment of Undivided Interest in Oil and Gas, dated March 1, 1996, that covers the SE/4 NW/4 of Section 32, Township 23 South, Range 32 East, and in the Gamma Ray-Neutron Log of the Falcon 32 State #001H Well (API No. 30-025-33001). COG will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the 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 the proposed horizontal well spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 6, 2022, 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. Designating Applicant as the 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, 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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