

**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 OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA 1978, § 70-2-17 and 19.15.16.15(B)(9) NMAC, COG Operating LLC (OGRID No. 229137) (“COG” or “Applicant”) applies for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 640-acre, more or less, standard, overlapping horizontal spacing unit comprised of the E/2 W/2 and W/2 E/2 of Sections 27 and 34, Township 25 South, Range 35 East, Lea County, New Mexico (“Unit”). In support of its 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 Hennin Federal Com 703H well (“Well”), to be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 27 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 34.
3. The completed interval of the Well will be orthodox.
4. The Well will be located within 330’ of the quarter-quarter section line separating the E/2 W/2 and W/2 E/2 of Sections 27 and 34 to allow for the creation of a standard 640-acre horizontal spacing unit.
5. The Unit will partially overlap with the spacing unit for the Hennin Federal Com 701H, 702H, 704H, 705H, 801H, 802H, 803H, 804H, and 805H wells, which will be dedicated to a 1920-acre, more or less, non-standard horizontal spacing unit comprised of Sections 34 and 27,

Township 25 South, Range 35 East, and Section 3, Township 26 South, Range 35 East within the Wolfcamp formation.

6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.

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

8. 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 Well 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 the Unit;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the Well in the Unit;
- D. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- 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 Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

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