

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

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

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating, LLC (OGRID No. 229137) (“Applicant” or “COG”) applies for an order pooling all uncommitted interests in the Second Bone Spring formation underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Sections 10 and 15, Township 20 South, Range 33 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. Applicant seeks to dedicate the Unit to the following wells (“Wells”):
 - The **Tarheel Federal Com 501H** well, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 15 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10;
 - The **Tarheel Federal Com 502H** well, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 15 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10; and
 - The **Tarheel Federal Com 503H** well, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 15 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 10.
3. The completed intervals of the Wells will be orthodox.

4. There is a depth severance in the Bone Spring formation within the Unit. Accordingly, Applicant seeks to pool interests in the Second Bone Spring Formation from the stratigraphic equivalent of approximately 9894.73' TVD to the base of the Second Bone Spring Formation at a stratigraphic equivalent of approximately 10422.84' TVD as shown on the Bandit 15 Federal Com 2 well log (API # 300253723100).

5. The completed interval of the Tarheel Federal Com 502H well will be located within 330' of the quarter-quarter section line separating the W/2 E/2 and E/2 E/2 of Sections 10 and 15 to allow for the creation of a 640-acre standard horizontal spacing unit.

6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells 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 Wells 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. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;

- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charged and costs of supervisions while drilling and after completion, together with a provision adjusting the rate pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty 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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