

**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 (“COG” or “Applicant”) (OGRID No. 229137), through its undersigned attorneys, files this application with the Oil Conservation Division for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 639.23-acre, more or less, horizontal well spacing unit comprised of Lots 1 & 2, S2NE, SE (E2 equivalent) of irregular Section 2 and E2 of Section 11, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this 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 initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **Redtail Federal Com 501H** and **Redtail Federal Com 502H** to be horizontally drilled from a surface location in the NE4NE4 (Lot 1) of Section 2 to bottomhole locations in the SE4SE4 (Unit P) of Section 11.
- **Redtail Federal Com 503H** to be horizontally drilled from a surface location in the NE4NE4 (Lot 1) of Section 2 to a bottomhole location in the SW4SE4 (Unit O) of Section 11.
- **Redtail Federal Com 602H** and **Redtail Federal Com 604H** to be horizontally drilled from a surface location in the NW4NE4 (Lot 2) of Section 2 to bottomhole

locations, respectfully in the SE4SE4 (Unit P) of Section 11 and SW4SE4 (Unit O) of Section 11.

3. The completed interval of the proposed Redtail Federal Com 502H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them within this proposed spacing unit.

4. 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.

5. The pooling of interests and approval of this overlapping spacing unit will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 2, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal well 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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ATTORNEYS FOR COG OPERATING LLC

CASE _____: Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 639.23-acre, more or less, horizontal spacing unit comprised of Lots 1 & 2, S2NE, SE (E2 equivalent) of irregular Section 2 and E2 of Section 11, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the following proposed wells:

- **Redtail Federal Com 501H and Redtail Federal Com 502H** to be horizontally drilled from a surface location in the NE4NE4 (Lot 1) of Section 2 to bottomhole locations in the SE4SE4 (Unit P) of Section 11.
- **Redtail Federal Com 503H** to be horizontally drilled from a surface location in the NE4NE4 (Lot 1) of Section 2 to a bottomhole location in the SW4SE4 (Unit O) of Section 11.
- **Redtail Federal Com 602H and Redtail Federal Com 604H** to be horizontally drilled from a surface location in the NW4NE4 (Lot 2) of Section 2 to bottomhole locations, respectfully, in the SE4SE4 (Unit P) of Section 11 and SW4SE4 (Unit O) of Section 11.

The completed interval of the proposed Redtail Federal Com 502H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them within this proposed spacing unit. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 25 miles east of Malaga, New Mexico.