

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

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

In accordance with NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), COG Operating LLC (“COG” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) seeking an order: (1) establishing a 960-acre, more or less, non-standard horizontal spacing unit comprised of the S/2 of Section 12, and all of Section 13, Township 25 South, Range 34 East, Lea County, New Mexico (“Unit”); and (2) pooling all uncommitted interests from the base of the Avalon interval of the Bone Spring Formation to the base of the Bone Spring Formation underlying the Unit. In support of this application, COG states the following.

1. Applicant (OGRID No. 229137) is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the Unit to the following proposed wells (“Wells”):
 - a. **Bandana Fed Com 601H**, to be drilled from a surface hole location in the SW/4 NE/4 (Unit G) of Section 12 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 13;
 - b. **Bandana Fed Com 602H**, to be drilled from a surface hole location in the SW/4 NE/4 (Unit G) of Section 12 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 13;

- c. **Bandana Fed Com 603H**, to be drilled from a surface hole location in the SE/4 NW/4 (Unit F) of Section 12 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 13; and
- d. **Bandana Fed Com 604H**, to be drilled from a surface hole location in the SE/4 NW/4 (Unit F) of Section 12 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 13.

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 from the base of the Avalon interval of the Bone Spring Formation at a stratigraphic equivalent of approximately 10,625' to the base of the Bone Spring Formation at a stratigraphic equivalent of approximately 12,671', as shown on the Jamaica 12 Federal 1 well log (API # 30-025-33451).

5. 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.

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

7. Approval of a non-standard horizontal spacing unit is necessary to 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 March 2, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the initial wells in the Unit;
- D. Designating Applicant as the operator of the Unit and the Wells;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the Wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. 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,

HINKLE SHANOR LLP

/s/ Dana S. Hardy
Dana S. Hardy
Jaclyn M. McLean
Yarithza Peña
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 98208623
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com
Counsel for COG Operating LLC