

**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, OVERLAPPING 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 pooling all uncommitted interests in the Bone Spring formation underlying a 1,920-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of Sections 22, 27 and 34, Township 20 South, Range 33 East, Lea County, New Mexico (“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. **Donkey Potroast Fed Com 501H** well, which will produce from a first take point in the NW/4 NW/4 (Unit D) of Section 22 to a last take point in the SW/4 SW/4 (Unit M) of Section 34;
 - b. **Donkey Potroast Fed Com 502H** well, which will produce from a first take point in the NE/4 NW/4 (Unit C) of Section 22 to a last take point in the in the SE/4 SW/4 (Unit N) of Section 34;

- c. **Donkey Potroast Fed Com 503H** well, which will produce from a first take point in the NW/4 NE/4 (Unit B) of Section 22 to a last take point in the SW/4 SE/4 (Unit O) of Section 34; and
 - d. **Donkey Potroast Fed Com 504H** well, which will produce from a first take point in the NE/4 NE/4 (Unit A) of Section 22 to a last take point in the SE/4 SE/4 (Unit P) of Section 34.
3. The completed intervals of the Wells will be orthodox.
 4. The Unit will partially overlap with the spacing unit for the Outlaw 22 Federal Com #1H well (API No. 30-025-40725), which is located in Section 22, Township 20 South, Range 33 East, Lea County, and produces from the Teas; Bone Spring Pool (Code 58960).
 5. The Unit will also partially overlap with the spacing unit for the Wish Federal #1 well (API No. 30-025-26241), which is located in Section 27, Township 20 South, Range 33 East, Lea County, and produces from the Teas; Bone Spring Pool (Code 58960).
 6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the Unit.
 7. The pooling of interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
 8. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.
 9. 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 the Unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 3, 2024, 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. Approving the proposed overlapping spacing unit;
- C. Pooling all uncommitted interests in the Unit;
- D. Approving the initial wells in the Unit;
- E. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;
- F. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- G. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- H. 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

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