

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

**APPLICATION OF COTERRA ENERGY
OPERATING CO. FOR APPROVAL OF
A NON-STANDARD UNIT AND
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Coterra Energy Operating Co. (“Coterra”), OGRID Number 215099, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order (1) approving a non-standard unit, and (2) pooling all uncommitted mineral interests within a non-standard 800-acre, more or less, Lower Wolfcamp/Upper Penn¹ spacing unit comprised of the SE/4 of Section 21 and the E/2 of Sections 28 and 33, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. In support of this application, Coterra states as follows:

1. Coterra has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Coterra seeks to dedicate the SE/4 of Section 21 and the E/2 of Sections 28 and 33, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico to form an 800-acre, more or less, Lower Wolfcamp/Upper Penn horizontal spacing unit (the “Unit”).
3. Coterra seeks approval of the 800-acre non-standard spacing unit to efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing.

¹ Given some uncertainty regarding nomenclature, Coterra refers to the formation as the Lower Wolfcamp/Upper Penn out of an abundance of caution.

4. Coterra seeks to dedicate the Unit to the following wells:
 - a. **Jewell 21-33 Federal Com 36-25 #701H** well with a proposed first take point in the NW/4SE/4 (Unit J) of Section 21 and a proposed last take point in the SW/4SE/4 (Unit O) of Section 33; and
 - b. **Jewell 21-33 Federal Com 36-25 #702H** well with a proposed first take point in the NE/4SE/4 (Unit I) of Section 21 and a proposed last take point in the SE/4SE/4 (Unit P) of Section 33.
5. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.
6. Coterra sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.
7. The pooling of all interests in the Unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.
8. Approval of a non-standard spacing unit will allow Coterra to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands and reduce surface disturbance.

WHEREFORE, Coterra requests that this case is set for hearing before an Examiner of the Oil Conservation Division on March 26, 2026, and after notice and hearing as required by law, the Division enter its order:

- A. Approving the non-standard spacing unit;

- B. Pooling all uncommitted mineral interests in the Unit comprised of the SE/4 of Section 21 and the E/2 of Sections 28 and 33, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;
- C. Designating Coterra as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Coterra to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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CASE NO. ____: Application of Coterra Energy Operating Co. for approval of a non-standard spacing unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division approving a non-standard spacing unit and pooling all uncommitted interests within a 800-acre, more or less, Lower Wolfcamp/Upper Penn horizontal spacing unit comprised of the SE/4 of Section 21 and the E/2 of Sections 28 and 33, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the following wells to be horizontally drilled: **Jewell 21-33 Federal Com 36-25 #701H** well with a proposed first take point in the NW/4SE/4 (Unit J) of Section 21 and a proposed last take point in the SW/4SE/4 (Unit O) of Section 33; and **Jewell 21-33 Federal Com 36-25 #702H** well with a proposed first take point in the NE/4SE/4 (Unit I) of Section 21 and a proposed last take point in the SE/4SE/4 (Unit P) of Section 33. The wells will be drilled at orthodox locations. Also to be considered will be the cost of drilling, completing, and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Coterra Energy Operating Co. as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 15.5 miles South/Southeast of Maljamar, New Mexico.