

**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, COMPULSORY POOLING,
AND TO THE EXTENT NECESSARY,
APPROVAL OF AN OVERLAPPING SPACING UNIT,
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, (2) pooling all uncommitted mineral interests within a non-standard 1918.04-acre, more or less, Bone Spring spacing unit comprised of all of irregular Section 2 (comprised of Lot 4, the SW/4NW/4 and the W/2SW/4 (the W/2W/2 equivalent); Lot 3, the SE//4NW/4 and the E/2SW/4 (E/2W/2 equivalent); Lot 2, the SW/4NE/4 and the W/2SE/4 (the W/2E/2 equivalent); and Lot 1, the SE/4NE/4 and the E/2SE/4 (the E/2E/2 equivalent), Township 20 South, Range 33 East, and all of Sections 35 and 26, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (3) approving, to the extent necessary, an overlapping spacing unit. 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 all of irregular Section 2 (comprised of Lot 4, the SW/4NW/4 and the W/2SW/4 (the W/2W/2 equivalent); Lot 3, the SE//4NW/4 and the E/2SW/4 (E/2W/2 equivalent); Lot 2, the SW/4NE/4 and the W/2SE/4 (the W/2E/2 equivalent); and Lot 1, the SE/4NE/4 and the E/2SE/4 (the E/2E/2 equivalent), Township 20 South, Range 33 East, and

all of Sections 35 and 26, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, to form a 1918.04-acre, more or less, Bone Spring horizontal spacing unit in the Teas; Bone Spring pool (pool code 58960).

3. Coterra seeks approval of the 1918.04-acre non-standard spacing to efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing.

4. Coterra seeks to dedicate the unit to the following wells:

- a. **Laguna Deep Fed Com 2-26 #221H** well with a proposed first take point in the SW/4 SW/4 (Unit M) of Section 2 and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 26;
- b. **Laguna Deep Fed Com 2-26 #222H** well with a proposed first take point in the SE/4 SW/4 (Unit N) of Section 2 and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 26;
- c. **Laguna Deep Fed Com 2-26 #223H** well with a proposed first take point in the SW/4 SE/4 (Unit O) of Section 2 and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 26; and
- d. **Laguna Deep Fed Com 2-26 #224H** well with a proposed first take point in the SE/4 SE/4 (Unit P) of Section 2 and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 26.

5. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

6. This proposed unit will partially overlap with the following existing spacing units:

- A 40-acre spacing unit dedicated to the GEM 8705 JV-P #004 well (API No. 30-025-31209) located in the SE/4SW/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC;
- A 40-acre spacing unit dedicated to the GEM 8705 JV-P #005 well (API No. 30-025-31271) located in the SW/4SW/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC;
- A 120-acre spacing unit dedicated to the GEM 8705 JV-P #006H well (API No. 30-025-31318) located in the NE/4SW/4 and the N/2NE/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC;
- A 40-acre spacing unit dedicated to the GEM 8705 JV-P #001 well (API No. 30-025-29916) located in the NW/4NE/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC;
- A 40-acre spacing unit dedicated to the GEM 8705 JV-P #009 well (API No. 30-025-34841) located in the NE/4NE/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC;
- A 120-acre spacing unit dedicated to the Laguna Deep Unit 35 Federal #002H well (API No. 30-025-40943) located in the SE/4SW/4 and the S/2SE/4 of Section 35 and operated by Shackelford Oil Co.;
- A 40-acre spacing unit dedicated to the Laguna Deep Unit 35 Federal #009H well (API No. 30-025-37686) located in the SW/4NW/4 of Section 35 and operated by Shackelford Oil Co.;

- A 40-acre spacing unit dedicated to the Laguna Deep Federal Unit #005 well (API No. 30-025-34749) located in the NW/4SE/4 of Section 35 and operated by Coterra;
- A 40-acre spacing unit dedicated to the Laguna Deep Federal Unit #002 well (API No. 30-025-26440) located in the SE/4SW/4 of Section 35 and operated by Coterra.

7. Coterra sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. The pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. 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 May 7, 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 Bone Spring formation underlying a horizontal spacing unit within all of irregular Section 2 (comprised of Lot 4, the SW/4NW/4 and the W/2SW/4 (the W/2W/2 equivalent); Lot 3, the SE//4NW/4 and the E/2SW/4 (E/2W/2 equivalent); Lot 2, the SW/4NE/4 and the W/2SE/4 (the W/2E/2 equivalent); and Lot 1, the

SE/4NE/4 and the E/2SE/4 (the E/2E/2 equivalent), Township 20 South, Range 33 East, and all of Sections 35 and 26, 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;
- 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; and
- G. Approving, to the extent necessary, the proposed overlapping spacing unit.

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, compulsory pooling, and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico. Applicant seeks an order from the Division approving a non-standard spacing unit and pooling all uncommitted interests within a 1918.04-acre, more or less, Bone Spring horizontal spacing unit comprised of all of irregular Section 2 (comprised of Lot 4, the SW/4NW/4 and the W/2SW/4 (the W/2W/2 equivalent); Lot 3, the SE//4NW/4 and the E/2SW/4 (E/2W/2 equivalent); Lot 2, the SW/4NE/4 and the W/2SE/4 (the W/2E/2 equivalent); and Lot 1, the SE/4NE/4 and the E/2SE/4 (the E/2E/2 equivalent), Township 20 South, Range 33 East, and all of Sections 35 and 26, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico in the Teas; Bone Spring pool (pool code 58960). This spacing unit will be dedicated to the following wells: **Laguna Deep Fed Com 2-26 #221H** well with a proposed first take point in the SW/4 SW/4 (Unit M) of Section 2 and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 26; **Laguna Deep Fed Com 2-26 #222H** well with a proposed first take point in the SE/4 SW/4 (Unit N) of Section 2 and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 26; **Laguna Deep Fed Com 2-26 #223H** well with a proposed first take point in the SW/4 SE/4 (Unit O) of Section 2 and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 26; and **Laguna Deep Fed Com 2-26 #224H** well with a proposed first take point in the SE/4 SE/4 (Unit P) of Section 2 and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 26. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox. Applicant also seeks, to the extent necessary, approval of an overlapping spacing unit. This proposed unit will partially overlap with the following existing spacing units: A 40-acre spacing unit dedicated to the GEM 8705 JV-P #004 well (API No. 30-025-31209) located in the SE/4SW/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC; A 40-acre spacing unit dedicated to the GEM 8705 JV-P #005 well (API No. 30-025-31271) located in the SW/4SW/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC; A 120-acre spacing unit dedicated to the GEM 8705 JV-P #006H well (API No. 30-025-31318) located in the NE/4SW/4 and the N/2NE/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC; A 40-acre spacing unit dedicated to the GEM 8705 JV-P #001 well (API No. 30-025-29916) located in the NW/4NE/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC; A 40-acre spacing unit dedicated to the GEM 8705 JV-P #009 well (API No. 30-025-34841) located in the NE/4NE/4 of Section 2, Township 20 South, Range 33 East and operated by BTA Oil Producers, LLC; A 120-acre spacing unit dedicated to the Laguna Deep Unit 35 Federal #002H well (API No. 30-025-40943) located in the SE/4SW/4 and the S/2SE/4 of Section 35 and operated by Shackelford Oil Co.; A 40-acre spacing unit dedicated to the Laguna Deep Unit 35 Federal #009H well (API No. 30-025-37686) located in the SW/4NW/4 of Section 35 and operated by Shackelford Oil Co.; A 40-acre spacing unit dedicated to the Laguna Deep Federal Unit #005 well (API No. 30-025-34749) located in the NW/4SE/4 of Section 35 and operated by Coterra Energy Operating Co.; A 40-acre spacing unit dedicated to the Laguna Deep Federal Unit #002 well (API No. 30-025-26440) located in the SE/4SW/4 of Section 35 and operated by Coterra

Energy Operating Co. 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 16 miles southeast of Maljamar, New Mexico.