

**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 1280-acre, more or less, Third Bone Spring spacing unit, defined as the stratigraphic equivalent of the base of the Second Bone Spring Sand Formation to the base of the Third Bone Spring Sand Formation as found at those depths lying between 10216' TVD and 10782' TVD based upon the Halliburton Dual-Spaced Neutron Spectral Density Log of the Laguna Deep Unit #7 well (API: 30-025-36255), comprised of the W/2 of Sections 36, 25, 24 and 13, 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 the W/2 of Sections 36, 25, 24 and 13, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, to form a 1280-acre, more or less, Third Bone Spring horizontal spacing unit, defined as the stratigraphic equivalent of the base of the Second Bone Spring Sand Formation to the base of the Third Bone Spring Sand Formation as

found at those depths lying between 10216' TVD and 10782' TVD based upon the Halliburton Dual-Spaced Neutron Spectral Density Log of the Laguna Deep Unit #7 well (API: 30-025-36255), in the Gem; Bone Spring, East pool (pool code 27230), the Apache Ridge; Bone Spring pool (pool code 2260), and/or the Buffalo; Bone Spring, Southeast pool (pool code 8146) (the "Unit").

3. Coterra seeks approval of the 1280-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 36-13 #351H** well with a proposed first take point in the SW/4 SW/4 (Unit M) of Section 36 and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 13; and
- b. **Laguna Deep Fed Com 36-13 #352H** well with a proposed first take point in the SE/4 SW/4 (Unit N) of Section 36 and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 13.

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 240-acre spacing unit dedicated to the Laguna Deep Unit #21H well (API No. 30-025-40812) located in the N/2N/2 of Section 35 and the N/2NW/4 of Section 36, Township19 South, Range 33 East and operated by Coterra;
- A 40-acre spacing unit dedicated to the Laguna Deep Unit #7 well (API No. 30-025-36255) located in the SW/4NW/4 of Section 36 and operated by Coterra;

- A 40-acre spacing unit dedicated to the Laguna Deep Unit #16 well (API No. 30-025-38556) located in the NE/4SW/4 of Section 36 and operated by Coterra;
- A 320-acre spacing unit dedicate to the Millie Mile 13-24 Fed Com #101H well (API No. 30-025-53464) and the Millie Mile 13-24 Fed Com #201H well (API No. 30-025-53466) located in the W/2W/2 of Sections 13 and 24 and operated by PBEX Operations, LLC; and
- A 320-acre spacing unit dedicate to the Millie Mile 13-24 Fed Com #102H well (API No. 30-025-53465) and the Millie Mile 13-24 Fed Com #202H well (API No. 30-025-53467) located in the E/2W/2 of Sections 13 and 24 and operated by PBEX Operations, LLC.

7. Coterra sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Third 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 Third 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 June 4, 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;
- C. Designating Coterra as operator of the 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,

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& 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 1280-acre, more or less, Third Bone Spring horizontal spacing unit, defined as the stratigraphic equivalent of the base of the Second Bone Spring Sand Formation to the base of the Third Bone Spring Sand Formation as found at those depths lying between 10216' TVD and 10782' TVD based upon the Halliburton Dual-Spaced Neutron Spectral Density Log of the Laguna Deep Unit #7 well (API: 30-025-36255), comprised of the W/2 of Sections 36, 25, 24 and 13, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico in the Gem; Bone Spring, East pool (pool code 27230), the Apache Ridge; Bone Spring pool (pool code 2260), and/or the Buffalo; Bone Spring, Southeast pool (pool code 8146). This spacing unit will be dedicated to the following wells: **Laguna Deep Fed Com 36-13 #351H** well with a proposed first take point in the SW/4 SW/4 (Unit M) of Section 36 and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 13; and **Laguna Deep Fed Com 36-13 #352H** well with a proposed first take point in the SE/4 SW/4 (Unit N) of Section 36 and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 13. 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 240-acre spacing unit dedicated to the Laguna Deep Unit #21H well (API No. 30-025-40812) located in the N/2N/2 of Section 35 and the N/2NW/4 of Section 36, Township 19 South, Range 33 East and operated by Coterra Energy Operating Co.; A 40-acre spacing unit dedicated to the Laguna Deep Unit #7 well (API No. 30-025-36255) located in the SW/4NW/4 of Section 36 and operated by Coterra Energy Operating Co.; A 40-acre spacing unit dedicated to the Laguna Deep Unit #16 well (API No. 30-025-38556) located in the NE/4SW/4 of Section 36 and operated by Coterra Energy Operating Co.; A 320-acre spacing unit dedicate to the Millie Mile 13-24 Fed Com #101H well (API No. 30-025-53464) and the Millie Mile 13-24 Fed Com #201H well (API No. 30-025-53466) located in the W/2W/2 of Sections 13 and 24 and operated by PBEX Operations, LLC; and A 320-acre spacing unit dedicate to the Millie Mile 13-24 Fed Com #102H well (API No. 30-025-53465) and the Millie Mile 13-24 Fed Com #202H well (API No. 30-025-53467) located in the E/2W/2 of Sections 13 and 24 and operated by PBEX Operations, LLC. 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 miles southeast of Maljamar, New Mexico.