

**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, OVERLAPPING
SPACING UNIT AND COMPULSORY
POOLING, EDDY 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, overlapping spacing unit, and (2) pooling all uncommitted mineral interests within a non-standard 964.64-acre, more or less, Bone Spring spacing unit comprised of Lots 1-4 and the S/2 N/2 (the N/2 equivalent) of irregular Section 2; Lots 1-4 and the S/2 N/2 (the N/2 equivalent) of irregular Section 3; and Lots 1-4 and the S/2 N/2 (the N/2 equivalent) of irregular Section 4, Township 19 South, Range 30 East, NMPM, Eddy 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 Lots 1-4 and the S/2 N/2 (the N/2 equivalent) of irregular Section 2; Lots 1-4 and the S/2 N/2 (the N/2 equivalent) of irregular Section 3; and Lots 1-4 and the S/2 N/2 (the N/2 equivalent) of irregular Section 4, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico, to form a 964.64-acre, more or less, Bone Spring horizontal spacing unit in the Leo; Bone Spring South Pool (pool code 37920) and the Benson; Bone Spring Pool (pool code 5200) (the "Unit").

3. Coterra seeks approval of the 964.64-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. **Intrepid 2-3-4 Federal Com #151H, Intrepid 2-3-4 Federal Com #221H, and Intrepid 2-3-4 Federal Com #351H** wells with proposed first take points in Lot 4 (NW/4 NW/4 equivalent) of irregular Section 4 and proposed last take points in Lot 1 (NE/4 NE/4) of irregular Section 2.
- b. **Intrepid 2-3-4 Federal Com #152H, Intrepid 2-3-4 Federal Com #222H, and Intrepid 2-3-4 Federal Com #352H** wells with proposed first take points in the SW/4 NW/4 (Unit E) of irregular Section 4 and proposed last take points in the SE/4 NE/4 (Unit H) of irregular Section 2.

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

6. The Unit partially overlaps the spacing units for the following wells, which produce from the Leo; Bone Spring, South Pool (pool code 37920):

- a. Benson 3 Federal Com #008H (API No. 30-015-37964) dedicated to the E/2 E/2 of Section 3, Township 19 South, Range 30 East, operated by Coterra Energy Operating Co.; and
- b. Intrepid 3 Federal Com #001H (API No. 30-015-38979) dedicated to Lots 1-3 of Section 4 and Lot 4 of Section 3, Township 19 South, Range 30 East, operated by Coterra Energy Operating Co.

7. Further, the Unit partially overlaps the spacing units for the following wells, which produce from the Benson; Bone Spring Pool (pool code 5200):

- a. West Shugart 2 19 30 State #004H (API No. 30-015-40843) dedicated to the Lots 1-4 of Section 2, Township 19 South, Range 30 East, operated by NSP Resources, LLC; and
- b. West Shugart 2 19 30 State #003H (API No. 30-015-40842) dedicated to Lots 1-4 of Section 2, Township 19 South, Range 30 East, operated by NSP Resources, LLC.

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

9. 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.

10. 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 September 3, 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 Lots 1-4 and the S/2 N/2 (the N/2 equivalent) of irregular Section 2; Lots 1-4 and the S/2 N/2 (the N/2 equivalent) of irregular Section 3; and Lots 1-4 and the S/2

N/2 (the N/2 equivalent) of irregular Section 4, Township 19 South, Range 30 East, NMPM, Eddy 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; 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, overlapping spacing unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division approving a non-standard spacing unit and pooling all uncommitted interests within a 964.64-acre, more or less, Bone Spring horizontal spacing unit comprised of Lots 1-4 and the S/2 N/2 (N/2 equivalent) of irregular Section 2; Lots 1-4 and the S/2 N/2 (N/2 equivalent) of irregular Section 3; and Lots 1-4 and the S/2 N/2 (N/2 equivalent) of irregular Section 4, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico in the Leo; Bone Spring South Pool (pool code 37920) and the Benson; Bone Spring Pool (pool code 5200). This spacing unit will be dedicated to the following wells: **Intrepid 2-3-4 Federal Com #151H, Intrepid 2-3-4 Federal Com #221H, and Intrepid 2-3-4 Federal Com #351H** wells with proposed first take points in Lot 4 (NW/4 NW/4 equivalent) of irregular Section 4 and proposed last take points in Lot 1 (NE/4 NE/4) of irregular Section 2; and **Intrepid 2-3-4 Federal Com #152H, Intrepid 2-3-4 Federal Com #222H, and Intrepid 2-3-4 Federal Com #352H** wells with proposed first take points in the SW/4 NW/4 (Unit E) of irregular Section 4 and proposed last take points in the SE/4 NE/4 (Unit H) of irregular Section 2. Applicant also seeks approval of an overlapping spacing unit, to the extent necessary. The unit partially overlaps the spacing units for the following wells, which produce from the Leo; Bone Spring, South Pool (pool code 37920): the Benson 3 Federal Com #008H (API No. 30-015-37964) dedicated to the E/2 E/2 of Section 3, Township 19 South, Range 30 East, operated by Coterra Energy Operating Co.; and the Intrepid 3 Federal Com #001H (API No. 30-015-38979) dedicated to Lots 1-3 of Section 4 and Lot 4 of Section 3, Township 19 South, Range 30 East, operated by Coterra Energy Operating Co. Further, the unit partially overlaps the spacing units for the following wells, which produce from the Benson; Bone Spring Pool (pool code 5200): West Shugart 2 19 30 State #004H (API No. 30-015-40843) dedicated to the Lots 1-4 of Section 2, Township 19 South, Range 30 East, operated by NSP Resources, LLC; and West Shugart 2 19 30 State #003H (API No. 30-015-40842) dedicated to Lots 1-4 of Section 2, Township 19 South, Range 30 East, operated by NSP Resources, LLC. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox. 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 25 miles northeast of Carlsbad, New Mexico.