

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

**APPLICATION OF COG OPERATING, LLC
FOR COMPULSORY POOLING AND APPROVAL
OF OVERLAPPING, NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, COG Operating LLC (OGRID No. 229137) (“COG” or “Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 960-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of all of Section 35, Township 25 South, Range 33 East, and the N/2 of Section 2, Township 26 South, Range 33 East, Lea County, New Mexico (“Unit”). In support of this application, COG states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. Applicant seeks to dedicate the Unit to the following wells (“Wells”):
 - a. **Valor Federal Com 501H** and **Valor Federal Com 502H**, which will be drilled from surface hole locations in the NE/4 NW/4 (Unit C) of Section 35, Township 25 South, to bottom hole locations in the SW/4 NW/4 (Unit E) of Section 2, Township 26 South;
 - b. **Valor Federal Com 503H**, which will be drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 35, Township 25 South, to a bottom hole location in the SE/4 NW/4 (Unit F) of Section 2, Township 26 South;
 - c. **Valor Federal Com 504H** and **Valor Federal Com 505H**, which will be drilled from surface hole locations in the NE/4 NW/4 (Unit C) of Section 35, Township 25

South, to bottom hole locations in the SW/4 NE/4 (Unit G) of Section 2, Township 26 South;

- d. **Valor Federal Com 506H**, which will be drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 35, Township 25 South, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 2, Township 26 South;
 - e. **Valor Federal Com 652H** u-turn well, which will be drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 35, Township 25 South, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 35, Township 25 South; and
 - f. **Valor Federal Com 653H** u-turn well, which will be drilled from a surface hole location in the NE/4 NW/4 (Unit C) of Section 35, Township 25 South, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35, Township 25 South.
3. The completed intervals of the Wells will be orthodox.
 4. Applicant requests approval of a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC, which will create cost efficiencies, prevent waste, and protect correlative rights.
 5. The spacing unit for the Wells will partially overlap with the spacing unit for the Red Bull 35 Federal #001H (API No. 30-025-34015), which is located in the N/2 SW/4 of Section 35 and the NE/4 SE/4, S/2 SE/4 and the SE/4 SW/4 of Section 34, Township 25 South, Range 33 East, and produces from the WC-025 G-09 S253335K; Lower Bone Spring Pool (Code 97741).
 6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
 7. The pooling of uncommitted interests will avoid the drilling of unnecessary wells,

prevent waste, and protect correlative rights.

8. In order to allow 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 Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 8, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Approving the non-standard spacing Unit;
- D. Approving the overlapping spacing unit;
- E. Designating Applicant as operator of the Unit and the 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 while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- H. Imposing a 200% penalty 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,

HARDY McLEAN LLC

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