

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
COG OPERATING, LLC**

**CASE NO. 22294
ORDER NO. R-21930**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 4, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. COG Operating, LLC (“COG”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests underlying irregular Section 1 and the N/2 of Section 12, Township 25 South Range 34 East, Lea County, New Mexico (“Unit”).
2. COG seeks to dedicate the well(s) described below (“Well(s)”) to the Unit:
 - Green Eyeshade Federal Com Well No. 601H
 - Green Eyeshade Federal Com Well No. 602H
 - Green Eyeshade Federal Com Well No. 603H
 - Green Eyeshade Federal Com Well No. 702H
 - Green Eyeshade Federal Com Well No. 703H
 - Green Eyeshade Federal Com Well No. 704H
3. The Application was heard by the Hearing Examiner on the date specified above, during which COG presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.
4. COG provided testimony that the Unit would be a standard 960 acre horizontal well spacing unit with quarter-quarter section building blocks or tracts.
5. A standard horizontal spacing unit for horizontal oil wells is defined by 19.15.16.15(B) NMAC as:
 - (a) The horizontal spacing unit shall comprise one or more contiguous tracts that the horizontal oil well’s completed interval penetrates, each of which consists of a governmental quarter-quarter section or equivalent.
 - (b) In addition to tracts the horizontal oil well penetrates, the operator may include quarter-quarter sections or equivalent tracts in the standard horizontal spacing unit that are located within 330 feet of the proposed horizontal oil well’s completed interval (measured along a line perpendicular to the proposed completed interval or its tangent).
6. The proposed spacing unit does not have one well that can create a 960 acre standard horizontal spacing unit. Instead, COG proposes three wells within the

Application that would be within 330 feet of nearby tracts and would create three separate overlapping 480 acre standard horizontal spacing units.

7. Creating a single 960-acre horizontal spacing unit would require an application for a non-standard horizontal spacing unit. 19.15.16.15(B)(5) NMAC. That application would require notice of additional parties. 19.15.16.15(B)(5)(b) (notice “to affected persons in all tracts that...adjoin the non-standard horizontal spacing unit”).
8. The notice requirements for a nonstandard spacing unit differ from the notice required for a standard horizontal spacing unit:
 - (a) The applicant shall give notice to each owner of an interest in the mineral estate of any portion of the lands the applicant proposes to be pooled ... An applicant seeking compulsory pooling of a standard horizontal spacing unit need not give notice to affected persons in adjoining spacing units or tracts unless the division so directs.19.15.4.12(A)(1) NMAC.
9. COG identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given to them.

CONCLUSIONS OF LAW

10. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
11. COG is the owner of an oil and gas working interest within the Unit.
12. The Unit proposed by COG does not meet the requirements for a standard horizontal spacing unit.
13. COG failed to apply for a non-standard horizontal spacing unit and failed to satisfy the notice requirements for a non-standard horizontal spacing unit.

ORDER

14. It is hereby **ORDERED** that the Application is dismissed without prejudice. COG may reapply for a non-standard horizontal spacing unit with compulsory pooling or for multiple compulsory pooling cases utilizing standard horizontal spacing units.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 12/07/2021