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WRITER:

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August 6, 2018

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

AUG 06 2018 PM 03:35

Case 16378

Re: COG Operating LLC Application

Dear Florene:

Enclosed please find: (i) for filing, the original and one (1) copy of an application by COG Operating LLC for compulsory pooling; and (ii) a proposed hearing notice. I will email the proposed hearing notice to you in Word format.

As stated in the application, COG requests that the application be placed on the Division's September 6, 2018 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:jwl
Enclosures

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

AUG 06 2018 PM03:36

**APPLICATION OF COG OPERATING
LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 16378

APPLICATION

Pursuant to NMSA § 70-2-17, COG Operating LLC ("COG") applies for an order pooling all uncommitted mineral interests in the Wolfcamp formation in a standard 640-acre horizontal spacing unit comprised of the W/2 of Section 25 and the W/2 of Section 36, Township 25 South, Range 26 East, in Eddy County, New Mexico. In support of its Application, COG states:

1. COG (OGRID No. 229137) is a working interest owner in the W/2 of Section 25 and the W/2 of Section 36 and has the right to drill a well thereon.
2. COG will dedicate its Road Runner Federal Com #23H well to the 640-acre standard horizontal spacing unit in the W/2 of Section 25 and the W/2 of Section 36. The well will be horizontally drilled from a surface location in Unit N of Section 36 to a bottom hole location in Unit C of Section 25, Township 25 South, Range 26 East.
3. The completed interval for the Road Runner Federal Com #23H well be orthodox.
4. COG has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners.
5. The pooling of those uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners in the horizontal spacing unit should be pooled.

WHEREFORE, COG requests that this application be set for hearing on September 6, 2018 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in Wolfcamp formation in the W/2 of Section 25 and the W/2 of Section 36, Township 25 South, Range 26 East;

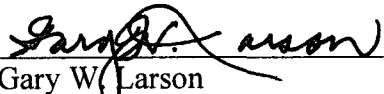
B. Authorizing COG to recover its costs of drilling, equipping, and completing the Road Runner Federal Com #23H well;

C. Considering the cost of drilling and completing the well and allocating the cost among the uncommitted mineral interest owners;

D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the Road Runner Federal Com #23H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

HINKLE SHANOR LLP



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Counsel for COG Operating LLC

PROPOSED NOTICE

Case No. 16378: Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a standard horizontal spacing unit comprised of the W/2 of Section 25 and the W/2 of Section 36, Township 25 South, Range 26 East, in Eddy County. Applicant will dedicate its Road Runner Federal Com # 23H well to the horizontal spacing unit. The well will be horizontally drilled from a surface location in Unit N of Section 36 to a bottom hole location in Unit C of Section 25, Township 25 South, Range 26 East. The completed interval for the well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG Operating LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well location is approximately ten (10) miles southeast of Whites City, New Mexico.

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