

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

**APPLICATION OF COG OPERATING LLC
FOR AN OVERLAPPING NON-STANDARD
HORIZONTAL SPACING UNIT IN THE
WOLFCAMP FORMATION AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

COG Operating LLC (“Applicant”) (OGRID No. 229137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 720-acre, more or less, overlapping non-standard horizontal spacing unit in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool), and (2) pooling all uncommitted interests in the proposed non-standard horizontal spacing unit comprised of the S/2 SW/4 of Section 8 and the W/2 of Sections 17 and 20, Township 26 South, Range 29 East, Eddy County, New Mexico. In support of its application, COG states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced non-standard horizontal spacing unit to the following proposed wells:

- The **Riverwalk Fed Com #704H Well** to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 29 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8.

- The **Riverwalk Fed Com #705H Well**, the **Riverwalk Fed Com #706H well**, and the **Riverwalk Fed Com #904H Well** to be drilled from surface hole locations in NW/4 NW/4 (Unit D) of Section 29 to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 8.
- The **Riverwalk Fed Com #903H Well** to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 29 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8.

3. Applicant requests approval of this non-standard horizontal spacing unit which will overlap an existing 640-acre standard horizontal spacing unit in the Purple Sage; Wolfcamp (Gas) Pool approved under Division Order R-20286. This existing 640-acre horizontal spacing unit is comprised of the W/2 equivalent of Section 5 and the W/2 of Section 8 and is currently dedicated to the **Hambone Fed Com #25H** (API No. 30-015-45581) which has been drilled from the S/2 SW/4 (Unit N) of Section 8.

4. A non-standard overlapping horizontal spacing unit is necessary to efficiently and effectively develop the Wolfcamp formation underlying the S/2 SW/4 of Section 8.

5. Notice of this application will be provided to all “affected persons” (including Bureau of Land Management) in the existing and proposed overlapping non-standard horizontal spacing units.

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the proposed horizontal spacing unit.

7. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

8. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this non-standard horizontal spacing unit should be pooled and Applicant should be designated the operator of this proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 5, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving an overlapping 720-acre non-standard horizontal spacing unit in the Wolfcamp formation;
- B. Pooling all uncommitted interests in the 720-acre horizontal spacing unit;
- C. Approving the initial wells in the horizontal spacing unit;
- D. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge 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,

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ATTORNEYS FOR COG OPERATING LLC

CASE _____:

Application of COG Operating LLC for an overlapping non-standard horizontal spacing unit in the Wolfcamp formation and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order approving a 720-acre overlapping non-standard horizontal spacing unit in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool), and (2) pooling all uncommitted interests in the proposed non-standard horizontal spacing unit comprised of the S/2 SW/4 of Section 8 and the W/2 of Sections 17 and 20, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced non-standard horizontal spacing unit to the following proposed wells:

- The **Riverwalk Fed Com #704H Well** to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 29 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8.
- The **Riverwalk Fed Com #705H Well**, the **Riverwalk Fed Com #706H Well**, and the **Riverwalk Fed Com #904H Well** to be drilled from surface hole locations in NW/4 NW/4 (Unit D) of Section 29 to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 8.
- The **Riverwalk Fed Com #903H Well** to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 29 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 8.

The proposed 720-acre non-standard horizontal spacing unit will overlap an existing 640-acre standard horizontal spacing unit comprised of the W/2 equivalent of Section 5 and the W/2 of Section 8, which was approved under Division Order R-20286 and is currently dedicated to the Hambone Fed Com #25H (API No. 30-015-45581). Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.