

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

**APPLICATION OF COG OPERATING LLC
FOR 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 pooling all uncommitted interests in the Wolfcamp formation [Purple Sage-Wolfcamp Gas Pool (Pool Code: 98220)] underlying a standard 767.72-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 22 and 27, and the N/2NE/4 and Lots 3-4 (E/2 Equivalent) of irregular Section 34, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, COG states:

1. The Division entered Order No. R-21101 in Case No. 20934 on February 12, 2020.
2. Order No. R-21101 created a 767.72-acre, more or less, standard horizontal spacing unit consisting of the E/2 of Sections 22 and 27, and the N/2NE/4 and Lots 3-4 (E/2 Equivalent) of irregular Section 34, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. (“Unit”).
3. Order No. R-21101 further designated COG as operator of the Unit and pooled all uncommitted interests within the Purple Sage-Wolfcamp Gas Pool (Pool Code: 98220) underlying the Unit.
4. The Division entered Order No. R-21101-A in Case No. 21311 on June 12, 2020, which conformed Order No. R-21101 to the amended order template described in the

Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template).

5. Since the entry of Order No. R-21101-A, COG has identified additional unleased mineral interest owners in the Unit that have not been pooled pursuant to the terms of Order No. R-21101.

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from the additional unleased mineral interest owners in the subject spacing unit.

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

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

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

- **Potato Baby State Com #702H**, to be drilled from a surface hole location in the SE/4SW/4 (Lot 4) of Section 34 to a bottom hole location in the NW/4NW/4 (Unit H) of Section 22; and
- **Potato Baby State Com #703H**, to be drilled from a surface hole location in the SE/4SW/4 (Lot 4) of Section 34 to a bottom hole location in the NW/4NW/4 (Unit B) of Section 22.

10. Applicant is in good standing under state-wide rules and regulations with respect to Order No. R-21101-A.

11. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all additional uncommitted interests in this horizontal spacing unit

should be pooled and Applicant should be designated the operator of the proposed horizontal well spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all additional unleased mineral interests in the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures;
- F. 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;
- G. Amending Division Order No. R-21101-A to reflect the changes identified herein.

Respectfully submitted,

COG OPERATING LLC

/s/ Michael Rodriguez

Ocean Munds-Dry
Michael Rodriguez
COG Operating LLC
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
(505) 780-8000
omundsdry@concho.com
mrodriguez@concho.com

ATTORNEYS FOR COG OPERATING LLC

Case No. _____: **Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all additional uncommitted interests in the Wolfcamp formation [Purple Sage-Wolfcamp Gas Pool (Pool Code: 98220)] underlying a standard 767.72-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 22 and 27, and the N/2NE/4 and Lots 3-4 (E/2 Equivalent) of irregular Section 34, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the to the following proposed wells: Potato Baby State Com #702H, to be drilled from a surface hole location in the SE/4SW/4 (Lot 4) of Section 34 to a bottom hole location in the NW/4NW/4 (Unit H) of Section 22; and Potato Baby State Com #703H, to be drilled from a surface hole location in the SE/4SW/4 (Lot 4) of Section 34 to a bottom hole location in the NW/4NW/4 (Unit B) of Section 22. Order No. R-21101 created a 767.72-acre, more or less, standard horizontal spacing unit consisting of the E/2 of Sections 22 and 27, and the N/2NE/4 and Lots 3-4 (E/2 Equivalent) of irregular Section 34, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico (“Unit”), and pooled all uncommitted interests within the Purple Sage-Wolfcamp Gas Pool (Pool Code: 98220) underlying the Unit. The Division entered Order No. R-21101-A in Case No. 21311 on June 12, 2020, which conformed Order No. R-21101 to the amended order template described in the Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template). Since the entry of Order No. R-21101-A, COG has identified additional unleased mineral interest owners in the Unit that have not been pooled pursuant to the terms of Order No. R-21101. 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, the imposition of 200% charge for risk involved in drilling and completing each well, and Amending Division Order No. R-21101-A to reflect the changes identified herein. Said area is located approximately 13 miles south of Malaga, New Mexico.