

**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 (“COG”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (98220), underlying a standard 640-acre, more or less, horizontal spacing unit comprised of E/2 of Sections 7 and 18, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, COG states:

1. COG (OGRID Number 229137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. COG proposes to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells, which it proposes to drill simultaneously:

- The **Mercury State Com 701H** well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 18 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 7,
- The **Mercury State Com 702H** well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 7, and

- The **Mercury State Com 703H** well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 7.

3. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

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

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

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating COG as operator of this spacing unit and the wells to be drilled thereon;
- D. Authorizing COG to recover its costs of drilling, equipping and completing the wells;
- E. 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

- F. Imposing a 200% penalty for the risk assumed by COG in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the well.

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

ATTORNEYS FOR COG OPERATING LLC

CASE _____ : **Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled causes seeks an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (98220), underlying a standard 640-acre, more or less, horizontal spacing unit comprised of E/2 of Sections 7 and 18, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. COG Operating LLC seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The Mercury State Com 701H well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 18 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 7,
- The Mercury State Com 702H well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 7, and
- The Mercury State Com 703H well to be horizontally drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 18 to a bottom hole location in the NW/4NE/4 (Unit B) of Section 7.

Also, to be considered will be the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator of the wells, and the imposition of 200% charge for risk involved in drilling and completing said wells. Said area is located approximately 11.5 miles south of Malaga, New Mexico.

