

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

**APPLICATION OF COG OPERATING
LLC FOR COMPULSORY POOLING,
LEA 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 a portion of the Bone Spring Formation, from the stratigraphic equivalent of approximately 10,087 feet true vertical depth to approximately 10,526 feet true vertical depth, underlying a 320-acre, more or less, standard horizontal well spacing unit comprised of the E/2 of Section 27, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, COG states:

1. COG Operating LLC (OGRID No. 229137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. COG seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **Squints Federal Com #501H** to be drilled from a surface location in the SE/4 SE/4 (Unit P) of said Section 27 to a bottom hole location NE/4 NE/4 (Unit A) of said Section 27;
- **Squints Federal Com #502H** to be drilled from a surface location in the SE/4 SE/4 (Unit P) of said Section 27 to a bottom hole location NE/4 NE/4 (Unit A) of said Section 27; and

- **Squints Federal Com #503H** to be drilled from a surface location in the SE/4 SE/4 (Unit P) of said Section 27 to bottom hole location in the NW/4 NE/4 (Unit B) of said Section 27.

3. The completed interval of the Squints Federal Com #502H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit.

4. A depth severance exists in the Bone Spring Formation within the proposed horizontal spacing unit. Accordingly, COG seeks to pool only a portion of the Bone Spring Formation from the stratigraphic equivalent of approximately 10,087 feet true vertical depth to approximately 10,526 feet true vertical depth, as observed in the Sun Federal Com #1 well (API No. 30-025-30603).

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

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

7. To permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and COG Operating LLC should be designated the operator of these proposed horizontal wells and spacing unit.

8. COG proposed spacing unit competes with Mewbourne Oil Company Case Nos. 22635 and 22636, which are subject to a prehearing order that has scheduled these competing cases for a contested hearing on June 2, 2022.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 2, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit as described herein and approving the initial wells;
- B. Designating COG operator of this spacing unit as described herein and the horizontal wells to be drilled thereon;
- C. Authorizing COG to recover its costs of drilling, equipping and completing the wells;
- D. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge 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 wells.

Respectfully submitted,

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