

**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

Pursuant to NMSA 1978, § 70-2-17, COG Operating LLC (OGRID No. 229137) (“COG” or “Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 960-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Sections 27 and 34, Township 25 South, Range 35 East, and the W/2 of Section 3, Township 26 South, Range 35 East, Lea County, New Mexico (“Unit”). In support of this application, COG states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
 - a. The **Hennin Federal Com 101H** well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 3 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 27;
 - b. The **Hennin Federal Com 102H** well, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 3 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 27;
 - c. The **Hennin Federal Com 501H** well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 3 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 27;

- d. The **Hennin Federal Com 502H** well, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 3 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 27;
 - e. The **Hennin Federal Com 601H** well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 3 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 27; and
 - f. The **Hennin Federal Com 602H** well, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 3 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 27.
3. The completed intervals of the Wells will be orthodox.
 4. The completed interval of the Hennin Federal Com 602H well will be located within 330' of the quarter-quarter section line separating the W/2 W/2 and the E/2 W/2 of Sections 27, 34, and 3 to allow for the creation of a 960-acre standard horizontal spacing unit.
 5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
 6. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
 7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated as the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty 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,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for COG Operating, LLC