

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

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING AND
APPROVAL OF AN OVERLAPPING SPACING
UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

COG Operating LLC (“COG” or “Applicant”) (OGRID No. 229137), through its undersigned attorneys, files this application with the Oil Conservation Division for an order (a) pooling all uncommitted interests in the Wolfcamp formation underlying a standard 467-acre, more or less, horizontal well spacing unit comprised of Lots 3-4 and the E/2 SW/4 (SW/4 equivalent) of irregular Section 30 and Lots 1-4 and the E/2 W/2 (W/2 equivalent) of irregular Section 31, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and (b) approving as needed this overlapping spacing unit. 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 horizontal spacing unit to the following proposed wells:
 - **TLC 30 Fed Com #703H** and **TLC 30 Fed Com #803H**, both to be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 31 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 30; and
 - **TLC 30 Fed Com #704H** and **TLC 30 Fed Com #804H**, both to be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 31 to a bottom hole location in the NW/4 SW/4 (Lot 3) of Section 30.

3. This proposed horizontal well spacing unit will overlap an existing 310.4-acre spacing unit comprised of the W/2 equivalent of Section 31 dedicated to the TLC State Com 1 (30-015-33560), a vertical well in Lot 2 (SW/4 NW/4 equivalent) of Section 31 that is currently producing from the Wolfcamp formation.

4. Applicant 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.

5. The pooling of interests and approval of this overlapping spacing unit will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

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 and approving this overlapping horizontal well 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; and

- 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.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC

CASE _____: Application of COG Operating LLC for Compulsory Pooling and Approval of an Overlapping Spacing Unit, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (a) pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 467-acre, more or less, horizontal spacing unit comprised of Lots 3-4 and the E/2SW/4 (SW/4 equivalent) of irregular Section 30 and Lots 1-4 and the E/2 W/2 (W/2 equivalent) of irregular Section 31, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, and (b) approving this overlapping spacing unit. Said unit will be initially dedicated to the following proposed wells:

- **TLC 30 Fed Com #703H** and **TLC 30 Fed Com #803H**, both to be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 31 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 30; and
- **TLC 30 Fed Com #704H** and **TLC 30 Fed Com #804H**, both to be horizontally drilled from a surface location in the SW/4 SW/4 (Lot 4) of Section 31 to a bottom hole location in the NW/4 SW/4 (Lot 3) of Section 30.

This proposed horizontal well spacing unit will overlap an existing 310.4-acre spacing unit comprised of the W/2 equivalent of Section 31 dedicated to the TLC State Com 1 (30-015-33560), a vertical well in Lot 2 (SW/4 NW/4 equivalent) of Section 31 that is currently producing from the Wolfcamp formation. 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 7 miles west of Loving, New Mexico.