

**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, LEA 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 Bone Spring formation underlying a standard 639.29-acre, more or less, horizontal well spacing unit comprised of Lots 3 & 4, S2NW, SW (W2 equivalent) of irregular Section 2 and W2 of Section 11, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) approving, as needed, this overlapping spacing unit. In support of this 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 initially dedicate the above-referenced horizontal spacing unit to the following proposed wells

- **Redtail Federal Com 504H** and **Redtail Federal Com 505H** wells, to be horizontally drilled from a surface location in the NW4NW4 (Lot 4) of Section 2 to bottomhole locations, respectively, in the SE4SW4 (Unit N) and the SW4SW4 (Unit M) of Section 11.

- **Redtail State Com 506H** well, to be horizontally drilled from a surface location in the NW4NW4 (Lot 4) of Section 2 to a bottomhole location in the SW4SW4 (Unit M) of Section 2.
- **Redtail Federal Com 606H** and **Redtail Federal Com 608H** wells, to be horizontally drilled from a surface location in the NE4NW4 (Lot 3) of Section 2 to bottomhole locations, respectively, in the SE4SW4 (Unit N) and the SW4SW4 (Unit M) of Section 11.

3. The completed interval of the proposed Redtail Federal Com 505H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them within this proposed spacing unit.

4. This proposed horizontal well spacing unit will overlap the following existing spacing units in the W2 of Section 11:

- A 160-acre spacing unit comprised of the W2W2 of Section 11 that is currently dedicated to the Urraca 11 SB Federal Com 4H (30-025-41968) currently producing from the Bone Spring formation.
- A 160-acre spacing unit comprised of the E2W2 of Section 11 that is currently dedicated to the Urraca 23 32 11 Federal Com 24H (30-025-42226) currently producing from the Bone Spring formation.

5. 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.

6. 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 February 2, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving this proposed overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- 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,

HOLLAND & HART LLP

By: 

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Paula M. Vance  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
(505) 983-6043 Facsimile  
mfeldewert@hollandhart.com  
agrarkin@hollandhart.com  
jbroggi@hollandhart.com  
pmvance@hollandhart.com

**ATTORNEYS FOR COG OPERATING LLC**

**CASE \_\_\_\_\_: Application of COG Operating LLC for Compulsory and Approval of Overlapping Spacing Unit, Lea County, New Mexico.** Applicant in the above-styled cause seeks (a) an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 639.29-acre, more or less, horizontal spacing unit comprised of Lots 3 & 4, S2NW, SW (W2 equivalent) of irregular Section 2 and W2 of Section 11, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) approving, as necessary, this overlapping spacing unit. Said unit will be initially dedicated to following proposed wells:

- **Redtail Federal Com 504H and Redtail Federal Com 505H** wells, to be horizontally drilled from a surface location in the NW4NW4 (Lot 4) of Section 2 to bottomhole locations, respectively, in the SE4SW4 (Unit N) and the SW4SW4 (Unit M) of Section 11.
- **Redtail State Com 506H** well, to be horizontally drilled from a surface location in the NW4NW4 (Lot 4) of Section 2 to a bottomhole location in the SW4SW4 (Unit M) of Section 2.
- **Redtail Federal Com 606H and Redtail Federal Com 608H** wells, to be horizontally drilled from a surface location in the NE4NW4 (Lot 3) of Section 2 to bottomhole locations, respectively, in the SE4SW4 (Unit N) and the SW4SW4 (Unit M) of Section 11.

The completed interval of the proposed Redtail Federal Com 505H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them within this proposed spacing unit. This proposed horizontal well spacing unit will overlap the following existing spacing units in the W2 of Section 11:

- A 160-acre spacing unit comprised of the W2W2 of Section 11 that is currently dedicated to the Urraca 11 SB Federal Com 4H (30-025-41968) currently producing from the Bone Spring formation.
- A 160-acre spacing unit comprised of the E2W2 of Section 11 that is currently dedicated to the Urraca 23 32 11 Federal Com 24H (30-025-42226) currently producing from the Bone Spring 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 25 miles east of Malaga, New Mexico.