

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

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD, OVERLAPPING SPACING UNIT,
EDDY COUNTY, NEW MEXICO,**

CASE NO. _____

APPLICATION

In accordance with NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), COG Operating LLC (“COG” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) seeking an order: (1) establishing a 1,920.38-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of Sections 19, 30, and 31, Township 25 South, Range 29 East, Eddy County, New Mexico (“Unit”); and (2) pooling all uncommitted interests in the Bone Spring formation underlying the Unit from approximately 8,026’ TVD to the base of the Bone Spring formation. In support of this application, COG states the following.

1. Applicant (OGRID No. 229137) is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the Unit to the following proposed wells (“Wells”):
 - a. **Wild Thing Fed Com 501H** and **Wild Thing Fed Com 502H** wells, which will be drilled from surface hole locations in the SW/4 SE/4 (Unit O) of Section 31 to bottom hole locations in the NW/4 NE/4 (Unit B) of Section 19;
 - b. **Wild Thing Fed Com 503H** well, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 31 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 19; and

c. **Wild Thing Fed Com 504H** well, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 31 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 19.

3. The completed intervals of the Wells will be orthodox.

4. There is a depth severance in the Bone Spring formation within the Unit.

Accordingly, COG seeks to pool interests from approximately 8,026' TVD to the base of the Bone Spring formation.

5. The Unit will partially overlap with the spacing units for the Showstopper 19 Federal #003H (API No. 30-015-37682), Showstopper 19 Federal Com #004H (API No. 30-015-37374), Showstopper 19 Federal Com #005H (API No. 30-015-37373), and Showstopper 19 Federal #006H (API No. 39-015-37480) wells ("Showstopper Wells"). The Showstopper Wells are located in Section 19, Township 25 South, Range 29 East, Eddy County, New Mexico, and produce from the Willow Lake; Bone Spring, Southeast Pool (Code 96217).

6. The Unit will also partially overlap with the spacing unit for the Thriller BWL Federal #001H well (API No. 30-015-43909) ("Thriller Well"). The Thriller Well is located in the E/2 E/2 of Section 30, Township 25 South, Range 29 East, Eddy County, and produces from the Rock Spur; Bone Spring Pool (Code 52775).

7. Finally, the Unit will partially overlap with the spacing units for the Cooper 31 Federal #001H (API No. 30-015-36282), Cooper 31 Federal #003H (API No. 30-015-37749), and Cooper 31 Federal #004H (API No. 30-015-33943) wells ("Cooper Wells"). The Cooper Wells are located in the N/2 and N/2 S/2 of Section 31, Township 25 South, Range 29 East, and produce from the Rock Spur; Bone Spring (Code 52275) and Brushy Draw; Delaware (Code 8080) Pools.

8. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the Unit.

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

10. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.

11. In order to permit 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 the operator of the proposed horizontal wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- B. Approving the proposed overlapping spacing unit;
- C. Pooling all uncommitted interests in the Unit;
- D. Approving the initial wells in the Unit;
- E. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;
- F. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- G. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

H. 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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