

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

**APPLICATION OF COTERRA ENERGY
OPERATING CO. FOR COMPULSORY POOLING,
AND TO THE EXTENT NECESSARY,
APPROVAL OF A NON-STANDARD
HORIZONTAL SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Coterra Energy Operating Co. ("Applicant") (OGRID No. 215099), through its undersigned attorney, hereby files this Application with the Oil Conservation Division of the State of New Mexico ("Division") for an order (1) creating a 480-acre, more or less, standard horizontal well spacing unit comprised of the W2W2 of Sections 17, 20, and 29, located Township 18 South, Range 35 East, NMPM, Lea County, New Mexico ("Unit"), and (2) pooling all uncommitted interest within the Bone Spring Formation underlying said Unit. In support of its Application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced Unit to the following wells, referred to collectively as the Wells:
 - a. **Ball State Com 501H** well, which will be horizontally drilled from a surface hole location in the SW/4 of Section 29, Township 18 South, Range 35 East, to a bottom hole location 850' FWL and 100' FNL of Section 17, Township 18 South, Range 35 East;
 - b. **Ball State Com 601H** well, which will be horizontally drilled from a surface hole location in the SW/4 of Section 29, Township 18 South, Range 35 East, to a bottom hole location 360' FWL and 100' FNL of Section 17, Township 18 South, Range 35 East;
3. Applicant provides notice that the proposed Unit partially overlaps 2 existing standard horizontal spacing units dedicated as follows:
 - a. Condor State 001H well (API No. 30-025-040814), a Wildcat-025 G-06 S183518A; Bone Spring [97930] well producing from the W/2 W/2 of Section

20, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico (160 acres). This overlap affects approximately 160 acres in Section 20.

- b. Nighthawk State Com 001H well (API No. 30-025-41519), an Airstrip; Bone Spring [960] well producing from the W/2 W/2 of Section 29, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico (160 acres). This overlap affects approximately 160 acres in Section 29.
4. 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.
5. The approval of this Unit and pooling of uncommitted interests within the Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
6. 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 the operator of the Wells and Unit.

WHEREFORE, Applicant requests this Application be set for hearing February 5, 2026, and that after notice and hearing, 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;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates 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,

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