

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

**APPLICATION OF COTERRA ENERGY  
OPERATING CO., FOR APPROVAL OF  
STANDARD HORIZONTAL SPACING  
UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Coterra Energy Operating Co., OGRID No. 215099 ("Coterra" or "Applicant"), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 639.28-acre, more or less, standard horizontal spacing unit ("HSU") composed of the E/2 of Sections 3 and 10, Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico (the "Application Lands"), and (2) pooling all uncommitted mineral interests in the WC-015 G-04 S232628M; Bone Spring Pool [98056], designated as an oil pool, underlying said HSU.

In support of its Application, Coterra states the following:

1. Coterra and/or its affiliates are working interest owners in the Application Lands and have the right to drill the well(s) thereon as the designated Operator of the Application Lands.
2. Coterra seeks to dedicate all of the Application Lands to form a 639.28-acre, more or less, HSU.
3. Coterra seeks to dedicate the above-referenced HSU to the following proposed wells:

A. **Cherry Hills 10-3 Fed Com 1H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 10 Township 24 South, Range 26 East, to a bottom hole location in the WC-015

G-04 S232628M; Bone Spring Pool in the NW/4 NE/4 (Lot 2) of Section 3, Township 24 South, Range 26 East;

B. **Cherry Hills 10-3 Fed Com 2H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 10 Township 24 South, Range 26 East, to a bottom hole location in the WC-015 G-04 S232628M; Bone Spring Pool in the NE/4 NE/4 (Lot 1) of Section 3, Township 24 South, Range 26 East;

4. The wells are orthodox in their locations as defined by 19.15.16.15.(C) NMAC, and the take points and laterals comply with statewide rules for setbacks.

5. Coterra has made good faith efforts to obtain voluntary agreement from all interest owners in the WC-015 G-04 S232628M; Bone Spring Pool underlying the proposed spacing unit, but has been unable to secure agreement from all parties to participate in the drilling of the wells or otherwise commit their interests.

6. The pooling of all interests in the WC-015 G-04 S232628M; Bone Spring Pool within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. To provide for its just and fair share of oil and gas underlying the Application Lands, Coterra requests that all uncommitted interests in this HSU be pooled and that Coterra be designated as the operator of the proposed horizontal wells and HSU.

WHEREFORE, Coterra requests this Application be set for hearing on March 10, 2026, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests in WC-015 G-04 S232628M; Bone Spring oil Pool underlying the HSU within the Application Lands;
- B. Approving the **Cherry Hills 10-3 Fed Com 1H** and **Cherry Hills 10-3 Fed Com 2H** as the initial wells for the HSU;
- C. Designating Coterra as operator of the HSU and the horizontal wells to be drilled thereon;
- D. Authorizing Coterra to recover its costs of drilling, completing, and equipping 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% charge for the risk assumed by Coterra in drilling, equipping, 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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***Application of Coterra Energy Operating Co, for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) approving a 639.28-acre, more or less, standard horizontal spacing and proration unit composed of the E/2 of Sections 3 and 10, Township 24 South, Range 26 East, N.M.P.M. Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the WC-015 G-04 S232628M; Bone Spring formation designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the: **Cherry Hills 10-3 Fed Com 1H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 10 Township 24 South, Range 26 East, to a bottom hole location in the WC-015 G-04 S232628M; Bone Spring Pool in the NW/4 NE/4 (Lot 2) of Section 3, Township 24 South, Range 26 East; and the **Cherry Hills 10-3 Fed Com 2H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 10 Township 24 South, Range 26 East, to a bottom hole location in the WC-015 G-04 S232628M; Bone Spring Pool in the NE/4 NE/4 (Lot 1) of Section 3, Township 24 South, Range 26 East; The wells are orthodox in location, and the take points and laterals comply with statewide setbacks for the WC-015 G-04 S232628M; Bone Spring. The wells and lands are located approximately 6.8 miles southeast of Whites City, New Mexico.