

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

**APPLICATION OF COG OPERATING LLC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 16030

APPLICATION

COG Operating LLC, ("COG") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) creating a 320.89-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 4 and the W/2 W/2 of Section 9, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in a wildcat Wolfbone pool (WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098)). In support of its application, COG states:

1. COG Operating LLC (OGRID No. 229137) is a working interest owner in the proposed non-standard spacing unit and has the right to drill thereon.
2. COG proposes to dedicate the W/2 W/2 spacing and proration unit as the project area for its proposed **Fez Fed Com No. 603H Well**, its proposed **Fez Fed Com No. 604H Well**, its proposed **Fez Fed Com No. 702H Well**, its proposed **Fez Fed Com No. 703H Well**, its proposed **Fez Fed Com No. 704H Well**, and its proposed **Fez Fed Com No. 705H Well**. The six proposed horizontal wells will be pad drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to bottom hole locations in the NW/4 NW/4 (Lot 4) of Section 4.
3. The completed intervals for the **Fez Fed Com No. 603H Well**, the **Fez Fed Com No. 604H Well**, the **Fez Fed Com No. 703H Well**, the **Fez Fed Com No. 704H Well**, and the

Fez Fed Com No. 705H Well will remain within the 330-foot offset as required by the Statewide rules for oil wells. The completed interval for the **Fez Fed Com No. 702H Well** will be at a non-standard location. COG has applied administratively for approval of a non-standard location for the **Fez Fed Com No. 702H Well**.

4. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

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

6. Because the proposed wells will be simultaneously drilled and completed, COG requests an extension of the 120-day time period to drill and complete the wells provided by the standard pooling order.

7. In order to permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the non-standard spacing unit should be pooled and COG Operating LLC should be designated the operator of these proposed horizontal wells and spacing unit.

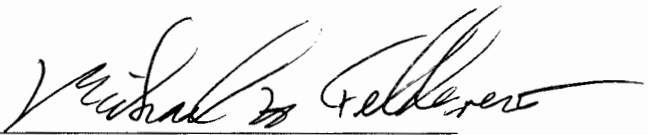
WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 22, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 320.89-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 4 and the W/2 W/2 of Section 9, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico;
- B. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- C. Designating six initial wells for said spacing unit;

- D. Designating COG Operating LLC operator of the non-standard spacing unit and the horizontal wells to be drilled thereon;
- E. Providing an extension of the 120-day requirement to drill and complete the wells;
- F. Authorizing COG to recover its costs of drilling, equipping and completing the wells;
- G. 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
- H. Imposing a 200% penalty for the risk assumed by COG 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
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com

ATTORNEYS FOR COG OPERATING LLC

CASE 16030

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks an order (1) creating a non-standard 320.89-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 4 and the W/2 W/2 of Section 9, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098) underlying this acreage. Said non-standard unit is to be a project area for six proposed initial wells, to be drilled and completed simultaneously: the proposed **Fez Fed Com No. 603H Well**, the proposed **Fez Fed Com No. 604H Well**, the proposed **Fez Fed Com No. 702H Well**, the proposed **Fez Fed Com No. 703H Well**, the proposed **Fez Fed Com No. 704H Well**, and the proposed **Fez Fed Com No. 705H Well**. These wells will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to bottom hole locations in the NW/4 NW/4 (Lot 4) of Section 4. The completed intervals for the **Fez Fed Com No. 603H Well**, the **Fez Fed Com No. 604H Well**, the **Fez Fed Com No. 703H Well**, the **Fez Fed Com No. 704H Well**, and the **Fez Fed Com No. 705H Well** will remain within the 330-foot offset as required by the Statewide rules for oil wells. The completed interval for the **Fez Fed Com No. 702H Well** will be unorthodox. COG has applied administratively for approval of an unorthodox location for the **Fez Fed Com No. 702H Well**. Also to be considered will be the timing of the drilling and completion of said wells, the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 10 miles northwest of Jal, New Mexico.