



Ocean Munds-Dry  
Senior Counsel

June 26, 2018

**VIA HAND-DELIVERY**

Ms. Heather Riley, Director  
Oil Conservation Division  
New Mexico Department of Energy, Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico.**

*Case 16318*

Dear Director Riley:

Enclosed please find COG Operating LLC's application for the Snapback 503H and 504H wells. Concho requests this application be heard on July, 26 2018 Division Examiner docket.

Thank you for your time and attention to this matter.

Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
Senior Counsel  
COG Operating LLC

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

**APPLICATION OF COG OPERATING LLC  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

JUL 23 2018 PM 2:50  
CASE NO. 16318

**APPLICATION**

COG Operating LLC ("COG"), OGRID Number 229137, 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 standard 480-acre, more or less, horizontal spacing and proration unit comprised of the SW/4 of Section 18 and the W/2 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Formation, WC-025 G-09 S243532M; Wolfbone Pool [98098]. In support of its application, COG states:

1. COG is a working interest owner in the proposed standard horizontal spacing unit and has the right to drill thereon.
2. COG proposes to dedicate the above-referenced standard horizontal spacing and proration unit for its proposed **Snapback Fed Com Well No. 503H**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 19 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 18, and the **Snapback Fed Com Well No. 504H**, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 19 to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 18.

3. The completed intervals for the **Snapback Fed Com Well No. 503H** and the **Snapback Fed Com Well No. 504H** will remain within the 330-foot offset as required by the Statewide rules for horizontal oil wells. The first and last take points for the **Snapback Fed Com Well No. 503H** and the **Snapback Fed Com Well No. 504H** will remain within the 100-foot offset required by the Statewide rules for horizontal oil wells.

4. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the subject horizontal spacing unit (“HSU”).

5. Approval of the standard HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU 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 a well 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 this HSU should be pooled and COG Operating LLC should be designated the operator of this proposed HSU.

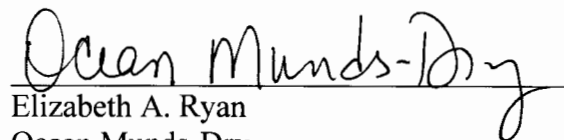
WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 26, 2018, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a 480-acre, more or less, standard horizontal spacing and proration unit in the Bone Spring Pool comprised of the SW/4 of Section 18 and the W/2 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted interests in the standard horizontal spacing and proration unit;

- C. Designating two initial wells for said HSU;
- D. Providing an extension of the 120-days requirement to drill and complete a well;
- E. Designating COG as operator of this standard HSU and the wells to be drilled thereon;
- 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 well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

A handwritten signature in cursive script, reading "Ocean Munds-Dry", written over a horizontal line.

Elizabeth A. Ryan  
Ocean Munds-Dry  
William F. Carr  
COG Operating LLC  
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Santa Fe, New Mexico 87501  
(505) 780-8000  
*Attorneys for COG Operating LLC*

CASE 16318

**Application of COG Operating LLC for a standard horizontal spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order from the division: (1) creating a standard 480-acre, more or less, horizontal spacing and proration unit comprised of the SW/4 of Section 18 and the W/2 of Section 19, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Formation, Wolfbone Pool, underlying this acreage. Said horizontal spacing unit is to be assigned to two proposed initial wells, to be drilled and completed simultaneously: the **Snapback Fed Com Well No. 503H** and the **Snapback Fed Com Well No. 504H**. The **Snapback Fed Com Well No. 503H** will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 19 to bottom hole locations in the NE/4 SW/4 (Unit K) of Section 18, and the **Snapback Fed Com Well No. 504H** will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 19 to bottom hole locations in the NW/4 SW/4 (Unit L) of Section 18. The completed intervals for the **Snapback Fed Com Well No. 503H** and the **Snapback Fed Com Well No. 504H** will remain within the 330-foot offset as required by the Statewide rules for oil wells. The first and last take points for the **Snapback Fed Com Well No. 503H** and the **Snapback Fed Com Well No. 504H** will remain within the 100-foot spacing requirement mandated by the Statewide rules for oil wells. Also to be considered will be the timing of the drilling and completion of said wells, the cost of drilling and completion of 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 14 miles west of Jal, New Mexico.