

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

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

Case No. 20205

APPLICATION

COG Operating LLC ("COG") through its under-signed attorneys hereby file this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Sec. 70-2-17, for an order (1) creating a 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Section 35, Township 24 South, Range 34 East and the E/2 of Section 2, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Formation [Pool Code: 97369]. In support of its Application, COG states:

1. COG (OGRID No. 229137) is a working interest owner in the proposed standard horizontal spacing and proration unit and has the right to drill a well thereon.
2. COG proposes to dedicate the above-referenced horizontal spacing and proration unit for its following proposed wells:
 - a. the **Brot Helm Fed Com 601H Well** which will be horizontally drilled from a surface location in NE/4NE/4 (Unit A) of Section 35 to a bottom hole location in SE/4SE/4 (Unit P) of Section 2;

- b. the **Brot Helm Fed Com 602 H Well** which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 35 to a bottomhole location in SE/4 SE/4 (Unit P) of Section 2; and
- c. the **Brot Helm Fed Com 603 H Well** which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 35 to a bottomhole location in SW/4 SE/4 (Unit O) of Section 2.

3. The completed interval for these Wells will meet the 330-foot standard offset from the outer boundaries of the horizontal spacing unit and the first and last take points will remain within the 100-foot offset as required by the Statewide horizontal rules.

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

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

6. As a part of a larger simultaneous drilling and completion project, 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 horizontal spacing unit should be pooled, and COG Operating LLC should be designated the operator of the proposed horizontal wells and horizontal spacing unit.

WHEREFORE, COG requests that, this Application be set for hearing before an Examiner of the Oil Conservation Division on January 24, 2019, and, after notice and hearing, the Division enter its order:

- A. Creating a 640-acre, more or less, standard horizontal spacing and proration unit in the Bone Spring Formation comprised of the E/2 of Section 35, Township 24 South, Range 34 East and the E/2 Section 2, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico;
- B. Pooling all uncommitted interests in the Bone Spring Formation underlying the horizontal spacing and proration unit;
- C. Designating COG Operating LLC as the operator of the spacing unit and horizontal wells to be drilled thereon;
- D. Providing an extension of the 120-day requirement to drill and complete a well;
- E. Authorizing COG to recover its costs of drilling, equipping, and completing the wells, and allocating its costs among the wells' interest owners;
- F. Approving actual operating charges and costs charged for supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% penalty for the risk assumed by COG in drilling and completing the wells against any working interest owner who does not voluntarily elect to participate in the drilling of the wells.

Respectfully submitted,

COG OPERATING LLC

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ATTORNEYS FOR COG OPERATING LLC

Parties Being Pooled

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Case No. 20205: Application of COG Operating LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating a 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Section 35, Township 24 South, Range 34 East and the E/2 of Section 2, Township 25 South, Range 34 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring Formation. Said spacing unit shall be dedicated to the **Brot Helm Federal Com 601 Well, the Brot Helm 602 H Well**, with surface locations in the NE/4NE/4 (Unit A) of Section 35 and a bottom hole location in SE/4SE/4 (Unit P) of Section 2 and the **Brot Helm Federal Com 603 H Well** with a surface location in the NW/4NE/4 (Unit B) of Section 35 and a bottomhole location in the SW/4 SE/4 (Unit O) of Section 2. The completed interval and the first and last take points for these wells will remain within the standard offset required by the Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the wells, and a 200% penalty for risk involved in the drilling the well. Said area is approximately 15.7 miles NW of Jal, New Mexico.