

**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. _____

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 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Section 5 and W/2 of Section 8, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp Formation, Bobcat Draw Wolfcamp Pool [Pool Code: 98094]. In support of its Application, COG states:

1. COG (OGRID No. 229137) is a working interest owner in the proposed standard horizontal spacing unit and has the right to drill a well thereon.
2. COG proposes to dedicate the above-referenced horizontal spacing unit for its following proposed wells, which it proposes to drill simultaneously:
 - a. **Gunner 8 Fed Com 603H** well which will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 5 to a bottom hole location in the SE/4SW/4 (Unit N) of Section 8;
 - b. **Gunner 8 Fed Com 604H** well which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit D) of Section 5 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 8;

- c. **Gunner 8 Fed Com 703H** well which will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 5 to a bottom hole location in the SE/4SW/4 (Unit N) of Section 8;
- d. **Gunner 8 Fed Com 704H** well which will be horizontally drilled from a surface location in the NE/4NW/4 (Unit C) of Section 5 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 8; and
- e. **Gunner 8 Fed Com 705H** well which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit D) of Section 5 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 8.

The completed interval for the proposed **Gunner 8 Fed Com 704H** will be within 330' of the line separating the W/2W/2 and the E/2W/2 of Sections 5 and 8, which allows inclusion of this acreage into a standard 640-acre, more or less, horizontal spacing unit. The completed interval for all proposed 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.

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

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

WHEREFORE, COG requests that, this Application be set for hearing before an Examiner of the Oil Conservation Division on February 6, 2020, and, after notice and hearing, the Division enter its order:

- A. Creating a 640-acre, more or less, standard horizontal spacing unit in the Wolfcamp Formation comprised of the W/2 of Section 5 and the W/2 of Section 8, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Pooling all uncommitted interests in the Wolfcamp Formation underlying the horizontal spacing unit;
- D. Designating COG as the operator of the spacing unit and horizontal well to be drilled thereon;
- E. Providing an extension of the 120-day requirement to drill and complete a well;
- F. Authorizing COG to recover its costs of drilling, equipping, and completing the wells, and allocating its costs among the well's interest owners;
- G. 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

H. 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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