

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,
EDDY COUNTY, NEW MEXICO

CASE NO. 15763

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-acre, more or less spacing and proration unit comprised of the W/2 W/2 of Section 36 and the W/2 W/2 of Section 25, Township 25 South, Range 26 East, NMPM Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation 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 above referenced spacing and proration unit as the project area for two proposed initial wells the proposed **Craig Federal Com No 2H Well** and the proposed **Craig Federal Com No 12H Well**, which will be simultaneously drilled and completed These stacked lateral wells will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 1 Township 26 South, Range 26 East, to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 25, Township 25 South, Range 26 East

3 The completed interval for each well will remain within the 330 foot offset
as required by the Statewide rules for oil wells

4 COG has sought and been unable to obtain voluntary agreement for the
development of these lands from all of 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 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 non-standard spacing unit
should be pooled and COG Operating LLC should be designated the operator of this
proposed horizontal well and spacing unit

WHEREFORE COG requests that this application be set for hearing before an
Examiner of the Oil Conservation Division on July 20, 2017 and after notice and hearing
as required by law the Division enter an order

A Creating a 320-acre, more or less, spacing and proration unit W/2 W/2 of
Section 36 and the W/2 W/2 of Section 25 Township 25 South, Range 26
East NMPM Eddy County New Mexico

B Pooling all uncommitted interests in the non-standard spacing and proration
unit,

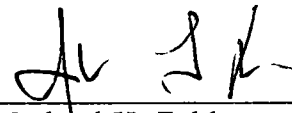
C Designating two initial wells for the proposed spacing unit

D Designating COG Operating LLC operator of this non-standard spacing unit
and the horizontal well to be drilled thereon,

- E Authorizing COG to recover its costs of drilling, equipping and completing the well
- F 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
- G 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

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ATTORNEYS FOR COG OPERATING LLC

CASE 15763

Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico Applicant in the above styled cause seeks an order (1) creating a non-standard 320 acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 36 and the W/2 W/2 of Section 25 Township 25 South Range 26 East NMPM, Eddy County New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage Said non-standard unit is to be dedicated to applicant's two proposed initial wells the proposed **Craig Federal Com No 2H Well** and the proposed **Craig Federal Com No 12H Well**, which will be simultaneously drilled and completed The proposed initial wells are stacked laterals and will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 1, Township 26 South Range 26 East, to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 25, Township 25 South, Range 26 East The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells Also to be considered will be the cost of drilling and completing said well 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 well and a 200% charge for risk involved in drilling said well Said area is located approximately 13 miles southwest of Malaga, New Mexico