

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

FEB 19 2019 PM03:07

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

CASE NO. 20335

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 pooling all uncommitted interests in the Bone Spring formation (Hay Hollow; Bone Spring North Pool (30216)) underlying a 640-acre standard horizontal spacing unit comprised of the W/2 of Sections 24 and 25, Township 25 South, Range 27 East, Eddy County, New Mexico. In support of its application, COG states:

1. COG Operating LLC (OGRID No. 229137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. COG seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Daisy 24 State Com 501H** well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 24 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 25.
- The **Daisy 24 State Com 502H** well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 24 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 25.
- The **Daisy 24 State Com 503H** well to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 24 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 25.
- The **Daisy 24 State Com 504H** well to be drilled from a surface hole location in NW/4 NW/4 (Unit C) of Section 24 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 25.

The completed interval for the proposed **Daisy 24 State Com 503H** will be within 330' of the quarter-quarter line separating the W/2 W/2 and the E/2 W/2 of Sections 24 and 25 to allow inclusion of this acreage in a standard 640-acre horizontal well spacing unit.

3. Since the proposed wells will be simultaneously drilled and completed, COG requests an extension of the time period to drill and complete the initial well from 120 days to 365 days.

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. 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 this 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 21, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells;
- C. Authorizing an extension of the 120-day period to drill and complete the initial well;
- D. Designating COG Operating LLC operator of this spacing unit and the horizontal wells to be drilled thereon;

- E. Authorizing COG to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge 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,

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ATTORNEYS FOR COG OPERATING LLC

CASE 20335: Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation (Hay Hollow; Bone Spring North Pool (30216)) underlying a 640-acre standard horizontal spacing unit comprised of the W/2 of Sections 24 and 25, Township 25 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Daisy 24 State Com 501H** well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 24 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 25.
- The **Daisy 24 State Com 502H** well to be drilled from a surface hole location in NW/4 NW/4 (Unit D) of Section 24 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 25.
- The **Daisy 24 State Com 503H** well to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 24 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 25.
- The **Daisy 24 State Com 504H** well to be drilled from a surface hole location in NW/4 NW/4 (Unit C) of Section 24 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 25.

The completed interval for the proposed **Daisy 24 State Com 503H** will be within 330' of the quarter-quarter line separating the W/2 W/2 and the E/2 W/2 of Sections 24 and 25 to allow inclusion of this acreage in a standard 640-acre horizontal well spacing unit. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of COG Operating LLC as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 8.4 miles Southwest of Malaga, New Mexico.