

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

**APPLICATION OF COTERRA ENERGY
OPERATING CO.
FOR COMPULSORY POOLING, AND,
TO THE EXTENT NECESSARY, APPROVAL
OF AN OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Coterra Energy Operating Co. ("Coterra"), OGRID Number 215099, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order (1) pooling all uncommitted mineral interests within a standard 640-acre, more or less, Bone Spring spacing unit comprised of the W/2W/2 of Sections 25 and 36, Township 18 South, Range 35 East and the W/2W/2 of Sections 1 and 12, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, and (2), to the extent necessary, approval of an overlapping spacing unit. In support of this application, Coterra states as follows:

1. Coterra as an interest in the subject lands and has a right to drill and operate a well thereon.
2. Coterra seeks to dedicate the W/2W/2 of Sections 25 and 36, Township 18 South, Range 35 East and the W/2W/2 of Sections 1 and 12, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico to form a standard 640-acre, more or less, Bone Spring horizontal spacing unit.
3. Coterra seeks to dedicate the unit to the Sombrero State Com #221H well, with a proposed surface hole location in the SW/4 of Section 12, Township 19 South, Range 35 East, and

a proposed bottom hole location in the NW/4 NW/4 (Unit D) of Section 25, Township 18 South, Range 36 East.

4. The well will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.

5. This proposed horizontal spacing unit will partially overlap with an existing Bone Spring spacing unit dedicated to the Blue Box Federal Com 505H well, API no. 30-025-52080, which unit is comprised of the E/2SE/4 of Section 2 and the E/2E/2 of Sections 11 and 14, Township 19 South, Range 35 East and the W/2SW/4 of Section 1 and the W/2W/2 of Sections 12 and 13, Township 19 South, Range 35 East.

6. Coterra sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. The pooling of all interests in the Bone Spring formation underlying the proposed unit, and approving, to the extent necessary, the overlapping spacing unit, will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Coterra requests that this case be set for hearing before an Examiner of the Oil Conservation Division on August 13, 2025 or August 14, 2025, depending on timing of notice, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2W/2 of Sections 25 and 36, Township 18 South, Range 35 East and the W/2W/2 of Sections 1 and 12, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico;

B. Designating Coterra as operator of this unit and the wells to be drilled thereon;

- C. Approving, to the extent necessary, the proposed overlapping spacing unit;
- D. Authorizing Coterra to recover its costs of drilling, equipping and completing the well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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CASE NO. ____: Application of Coterra Energy Operating Co. for compulsory pooling, and, to the extent necessary, approval of an overlapping spacing unit, Lea County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted interests within a 640-acre, more or less, Bone Spring horizontal spacing unit comprised of the W/2W/2 of Sections 25 and 36, Township 18 South, Range 35 East and the W/2W/2 of Sections 1 and 12, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Sombrero State Com #221H well, with a proposed surface hole location in the SW/4 of Section 12, Township 19 South, Range 35 East, and a proposed bottom hole location in the NW/4 NW/4 (Unit D) of Section 25, Township 18 South, Range 36 East. The well will be drilled at orthodox locations. Applicant also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed horizontal spacing unit will partially overlap with the following existing Bone Spring spacing unit dedicated to the Blue Box Federal Com 505H well, API no. 30-025-52080, which unit is comprised of the E/2SE/4 of Section 2 and the E/2E/2 of Sections 11 and 14, Township 19 South, Range 35 East and the W/2SW/4 of Section 1 and the W/2W/2 of Sections 12 and 13, Township 19 South, Range 35 East. Also to be considered will be the cost of drilling, completing, and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Coterra Energy Operating Co. as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15 miles West of Hobbs, New Mexico.