

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

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

CASE NO. 20183

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 Wolfcamp formation in the 640-acre horizontal spacing unit comprised of the N/2 of Section 11 and the N/2 of Section 12, Township 24 South, Range 28 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 four proposed initial wells:
 - the proposed **Howitzer Federal Com No. 602H Well** and the proposed **Howitzer Federal Com No. 603H Well**. Both wells will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 12 to bottom hole location in the NW/4NW/4 (Unit D) of Section 11; and
 - the proposed **Howitzer Federal Com No. 605H Well** and the proposed **Howitzer Federal Com No. 606H Well**. Both wells will be horizontally drilled from a surface location in the SE/4NE/4 (Unit H) of Section 12 to bottom hole location in the SW/4NW/4 (Unit E) of Section 11.
3. The subject wells have been placed in the Purple Sage; Wolfcamp (Gas) Pool.

Pursuant to the Special Rules set forth in Division Order No. R-14262, the completed interval for

all four wells will be at an orthodox location no closer than 330 feet from the outer boundary of the spacing unit. Because 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 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 horizontal spacing unit should be pooled and COG Operating LLC should be designated the operator of this proposed horizontal wells and spacing unit.

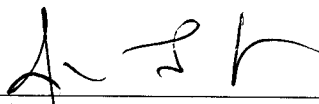
WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 10, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving four initial wells;
- C. Authorizing an extension of the 120-day requirement 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 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 wells.

Respectfully submitted,

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ATTORNEYS FOR COG OPERATING LLC

- **CASE _____: 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 Wolfcamp formation underlying a 640-acre horizontal spacing unit comprised of the N/2 of Section 11 and the N/2 of Section 12, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. COG seeks to dedicate the above-referenced horizontal spacing unit to four proposed initial wells:
 - the proposed **Howitzer Federal Com No. 602H Well** and the proposed **Howitzer Federal Com No. 603H Well**. Both wells will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 12 to bottom hole location in the NW/4NW/4 (Unit D) of Section 11; and
 - the proposed **Howitzer Federal Com No. 605H Well** and the proposed **Howitzer Federal Com No. 606H Well**. Both wells will be horizontally drilled from a surface location in the SE/4NE/4 (Unit H) of Section 12 to bottom hole location in the SW/4NW/4 (Unit E) of Section 11.

Pursuant to the Special Rules set forth in Division Order No. R-14262, the completed interval for all four wells will be at an orthodox location no closer than 330 feet from the outer boundary of the spacing unit. Also to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator, and a 200% charge for risk involved in drilling and completing each well. Said area is located approximately 2 miles northeast of Malaga, New Mexico.