

**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.**

OCT 15 2018 PM03:54

CASE NO. 20078

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 767.59-acre horizontal spacing unit comprised of the E/2 of Section 19, the E/2 of Section 30, and the E/2 equivalent (N/2 NE/4, Lot 4, Lot 5) of Section 31, Township 26 South, Range 28 East, NMPM, 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 eight initial wells, to be drilled simultaneously from three pads:
 - The proposed **Way South State Com No. 701H Well**, the proposed **Way South State Com No. 702H Well**, and the proposed **Way South State Com No. 703H Well**, to be horizontally drilled from a surface location in the SE/4NE/4 (Lot 5) of Section 31 to a bottom hole location in NE/4NE/4 (Unit A) of Section 19
 - The proposed **Way South State Com No. 704H Well**, to be horizontally drilled from a surface location in the SW/4NE/4 (Lot 4) of Section 31 to a bottom hole location in NE/4NE/4 (Unit A) of Section 19.

- The proposed **Way South State Com No. 705H Well**, the proposed **Way South State Com No. 706H Well**, the proposed **Way South State Com No. 707H Well**, and the proposed **Way South State Com No. 708H Well**, to be horizontally drilled from a surface location in the SW/4NE/4 (Lot 4) of Section 31 to a bottom hole location in NW/4NE/4 (Unit B) of Section 19.

3. 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. 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 the **Way South State Com No. 701H-707H Wells** will be at an orthodox location 330 feet from the outer boundary of the spacing unit. The completed interval for the **Way South State Com No. 708H Well** will be at a non-standard location. COG will apply administratively for approval of an unorthodox location for the **Way South State Com No. 708H Well**.

5. 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.

6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.


7. 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 well and spacing unit.

WHEREFORE, COG requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in horizontal spacing unit;
- B. Approving eight initial wells in the spacing unit;
- 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 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 20076:

Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation in the 767.59-acre horizontal spacing unit comprised of the E/2 of Section 19, the E/2 of Section 30, and the E/2 equivalent (N/2 NE/4, Lot 4, Lot 5) of Section 31, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. The horizontal spacing unit will be dedicated to eight initial wells, to be drilled simultaneously from three pads:

- The proposed **Way South State Com No. 701H Well**, the proposed **Way South State Com No. 702H Well**, and the proposed **Way South State Com No. 703H Well**, to be horizontally drilled from a surface location in the SE/4NE/4 (Lot 5) of Section 31 to a bottom hole location in NE/4NE/4 (Unit A) of Section 19.
- The proposed **Way South State Com No. 704H Well**, to be horizontally drilled from a surface location in the SW/4NE/4 (Lot 4) of Section 31 to a bottom hole location in NE/4NE/4 (Unit A) of Section 19.
- The proposed **Way South State Com No. 705H Well**, the proposed **Way South State Com No. 706H Well**, the proposed **Way South State Com No. 707H Well**, and the proposed **Way South State Com No. 708H Well**, to be horizontally drilled from a surface location in the SW/4NE/4 (Lot 4) of Section 31 to a bottom hole location in NW/4NE/4 (Unit B) of Section 19.

The **Way South State Com No. 701H-707H Wells** will be at an orthodox location 330 feet from the outer boundary of the spacing unit pursuant to the Special Rules for the Purple Sage Pool. The completed interval for the **Way South State Com No. 708H Well** will be at a non-standard location. COG will apply administratively for approval of an unorthodox location for the **Way South State Com No. 708H Well**. Also to be considered will be approval of additional initial wells, an extension of the timeframe for drilling and completion thereof, the cost of drilling and completing the well 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 the well. Said area is located approximately 16 miles southwest of Malaga, New Mexico.