

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.

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CASE NO. 20411

APPLICATION

COG OPERATING, LLC (COG), through its undersigned attorneys, hereby makes application to 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, Purple Sage-Wolfcamp Gas Pool, in the 640-acre horizontal spacing unit comprised of the E/2 of Section 1, Township 26 South, Range 28 East and the E/2, Section 36, Township 25 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 the following six initial wells to be drilled simultaneously:
  - A. The proposed **Kilo-Graham Fed Com 601H** and the proposed **Kilo-Graham Fed Com 602H** to be horizontally drilled to a depth sufficient to test the Wolfcamp A Sands formation from orthodox surface locations in the NW/4NE/4 (Unit B) of Section 1 to orthodox bottom hole locations in the NW/4 NE/4 (Unit B) of Section 36;
  - B. The proposed **Kilo-Graham Fed Com 603H** to be horizontally drilled to a depth sufficient to test the Wolfcamp A Sands formation from an orthodox surface

location in the NE/4NE/4 (Unit A) of Section 1 to an orthodox bottom hole location in the NE/4NE/4 (Unit A) of Section 36;

C. The proposed **Kilo-Graham Fed Com 701H Well** to be horizontally drilled to a depth sufficient to test the Wolfcamp A Shale formation from an orthodox surface location in the NW/4NE/4 (Unit B) of Section 1 to an orthodox bottom hole location in the NW/4NE/4 (Unit B) of Section 36;

D. The proposed **Kilo-Graham Fed Com 702H Well**, and the proposed **Kilo-Graham Fed Com 703H Well**, to be horizontally drilled to a depth sufficient to test the Wolfcamp A Shale formation from an orthodox surface location in the NE/4NE/4 (Unit A) of Section 1 to an orthodox bottom hole location in the NE/4NE/4 (Unit A) of Section 36.

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 wells from 120 days to 365 days.

4. The subject wells have been placed in the Purple Sage-Wolfcamp Gas Pool and, pursuant to the Special Pool Rules for this pool (Division Order No. R-14262), each well is located at an orthodox well location. The completed interval in each well also will be orthodox.

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 requested 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

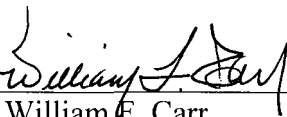
COG Operating, LLC should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

WHEREFORE, COG Operating, LLC requests that this application be set for hearing before an examiner of the Oil Conservation Division on May 2, 2019, and after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in this horizontal spacing unit;
- B. Approving six initial horizontal wells in this spacing unit;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells on this horizontal spacing unit;
- 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% charge for 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,

COG OPERATING, LLC

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ATTORNEYS FOR COG OPERATING LLC

Case 20411: **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 640-acre horizontal spacing unit comprised of the E/2 of Section 1, Township 26 South, Range 28 East, and the E/2 of Section 36, and of Section 25, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. The horizontal spacing unit will be dedicated to six initial wells to be simultaneously drilled:

- A. The proposed **Kilo-Graham Fed Com 601H** and the proposed **Kilo-Graham Fed Com 602H** to be horizontally drilled to a depth sufficient to test the Wolfcamp A Sands formation from orthodox surface locations in the NW/4NE/4 (Unit B) of Section 1 to orthodox bottom hole locations in the NW/4 NE/4 (Unit B) of Section 36;
- B. The proposed **Kilo-Graham Fed Com 603H** to be horizontally drilled to a depth sufficient to test the Wolfcamp A Sands formation from an orthodox surface location in the NE/4NE/4 (Unit A) of Section 1 to an orthodox bottom hole location in the NE/4NE/4 (Unit A) of Section 36;
- C. The proposed **Kilo-Graham Fed Com 701H Well** to be horizontally drilled to a depth sufficient to test the Wolfcamp A Shale formation from an orthodox surface location in the NW/4NE/4 (Unit B) of Section 1 to an orthodox bottom hole location in the NW/4NE/4 (Unit B) of Section 36;
- D. The proposed **Kilo-Graham Fed Com 702H Well**, and the proposed **Kilo-Graham Fed Com 703H Well**, to be horizontally drilled to a depth sufficient to test the Wolfcamp A Shale formation from an orthodox surface location in the NE/4NE/4 (Unit A) of Section 1 to an orthodox bottom hole location in the NE/4NE/4 (Unit A) of Section 36.

Each of the six initial wells will be at orthodox locations at least 330 feet from the outer boundary of the spacing unit pursuant to the rules of the Purple Sage Wolfcamp-Gas Pool and the completed interval in each will be orthodox. Also to be considered will be approval of an extension of the timeframe for drilling and completion of the initial wells on this horizontal spacing unit, the cost of drilling and completing the wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of COG Operating, LLC as operator of the wells and horizontal well unit, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 11.2 miles southeast of Malaga, New Mexico.