

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

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

CASE NO. 20489

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 Bone Spring formation, WC-025 G-06 S213217K; Bone Spring (Pool ID 97961) and the Wolfcamp formation, Wildcat Wolfcamp Pool WC-025 G-10 S213328O; Wolfcamp (Pool ID 98033) in the 477.95-acre standard horizontal spacing unit comprised of Lots 1, 2, 7, 8, 9, 10, 15, 16 and the SE/4 of irregular Section 2, Township 21 South, Range 32 East Lea 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 three initial wells to be drilled simultaneously:
 - A. The proposed **Cougar Federal Com 601H** to be horizontally drilled to a depth sufficient to test the Bone Spring formation from an orthodox surface location in Lot 1 of Section 2 to orthodox bottom hole location in the SE/4SE/4 (Unit P) of Section 2;
 - B. The proposed **Cougar Federal Com 701H** and the proposed **Cougar Federal Com 901H** to be horizontally drilled to a depth sufficient to test the Wolfcamp formation from orthodox surface locations in Lot 1 of Section 2 to an orthodox bottom hole locations in the SE/4SE/4 (Unit P) of Section 2;
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 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. 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 June 13, 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 three 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

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

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ATTORNEYS FOR COG OPERATING, LLC

CASE _____: Application of COG Operating, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring and Wolfcamp formations in a 477.95-acre standard horizontal spacing unit comprised of Lots 1, 2, 7, 8, 9, 10, 15, 16 and the SE/4 of irregular Section 2, Township 21 South, Range 32 East Lea County, New Mexico. The horizontal spacing unit will be dedicated to three initial wells to be simultaneously drilled:

- A. The proposed Cougar Federal Com 601H to be horizontally drilled to a depth sufficient to test the Bone Spring formation from an orthodox surface location in Lot 1 of Section 2 to an orthodox bottom hole location in the SE/4 SE/4 (Unit P) of Section 2;**
- B. The proposed Cougar Federal Com 701H and the Cougar Federal Com 901H to be horizontally drilled to a depth sufficient to test the Wolfcamp formation from orthodox surface locations in Lot 1 of Section 2 to orthodox bottom hole locations in the SE/4SE/4 (Unit P) of Section 2.**

Each of the three initial wells will be at orthodox locations at least 330 feet from the outer boundary of the spacing unit 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 wells. Said area is located approximately 35 miles east, northeast of Carlsbad, New Mexico.