

**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. 201668

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 1,535.08-acres, more or less, horizontal spacing unit comprised of all of Sections 20, 29 and irregular Section 32, 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 the following six initial wells which it proposes to drill simultaneously:
 - A. The proposed **Honey Graham State Com 701H Well** and the proposed **Honey Graham State Com 702H Well** to be horizontally drilled to a depth sufficient to test the Wolfcamp formation with the first take point for each of these wells in Lot 4 of Section 32 and the last take point in Unit A (NE/4NE/4) of Section 20;
 - B. The proposed **Honey Graham State Com 703H Well** to be horizontally drilled to a depth sufficient to test the Wolfcamp formation with the first take point for

this well in Lot 3 of Section 32 and the last take point in Unit B (NW/4NE/4) of Section 20.

C. The proposed **Honey Graham State Com 704H Well** to be horizontally drilled to a depth sufficient to test the Wolfcamp formation with the first take point for this well in Lot 2 of Section 32 and the last take point in Unit C (NE/4NW/4) of Section 20; and

D. The proposed **Honey Graham State Com 705H Well** and the proposed **Honey Graham State Com 706H Well**, to be horizontally drilled to a depth sufficient to test the Wolfcamp formation with the first take point for each well in Lot 1 of Section 32 and the last take point in Unit D (NW/4NW/4) of Section 20.

3. The subject wells have been placed in the Purple Sage-Wolfcamp Gas Pool (Pool Code 98220) and, pursuant to the Special Pool Rules for this pool (Division Order No. R-14262), each well is located at a legal well location.

4. Because the proposed wells will be simultaneously drilled and completed, COG requests an extension of the time to drill and complete the initial wells from 120 days to 365 days.

5. COG has sought and been unable to obtain voluntary agreement for the development of these lands from all working interest owners in the subject horizontal spacing unit.

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

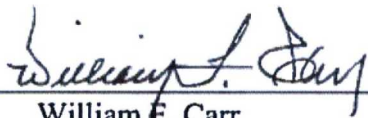
7. To permit COG to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and COG Operating, LLC should be designated the operator of these proposed horizontal wells and the proposed spacing unit.

WHEREFORE, COG Operating, LLC requests that this application be set for hearing before an examiner of the Oil Conservation Division on August 8, 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 the spacing unit;
- C. Authorizing an extension of the 120-day requirement to 365-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 well;
- F. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting these rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for risk assumed by COG in drilling and completing each well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

COG OPERATING LLC

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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 interests in the Wolfcamp formation, Purple Sage-Wolfcamp Gas pool (Pool Code 98220) underlying the 1,535.08-acre, more or less, horizontal spacing unit comprised of all of Sections 20, 29 and Irregular Section 32, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico. The horizontal spacing unit will be dedicated to six initial wells to be drilled simultaneously:

- A. The proposed **Honey Graham State Com 701H Well** and the proposed **Honey Graham State Com 702H Well** to be horizontally drilled to a depth sufficient to test the Wolfcamp formation with the first take point for each of these wells in Lot 4 of Section 32 and the last take point in Unit A (NE/4NE/4) of Section 20;
- B. The proposed **Honey Graham State Com 703H Well** to be horizontally drilled to a depth to test the Wolfcamp formation with the first take point for this well in Lot 3 of Section 32 and the last take point in Unit B (NW/4NE/4) of Section 20.
- C. The proposed **Honey Graham State Com 704H Well** to be horizontally drilled to a depth sufficient to test the Wolfcamp formation with the first take point for this well in Lot 2 of Section 32 and the last take point in Unit C (NE/4NW/4) of Section 20; and
- D. The proposed **Honey Graham State Com 705H Well** and the proposed **Honey Graham State Com 706H Well**, to be horizontally drilled to a depth sufficient to test the Wolfcamp formation with the first take point for each well in Lot 1 of Section 32 and the last take point in Unit D (NW/4NW/4) of Section 20.

All take points in each of the six initial wells shall be at legal locations pursuant to the rules of the Purple Sage-Wolfcamp Gas Pool. 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 well 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 4 miles west-northwest of the intersection of U. S. Highway 285 with the New Mexico-Texas border.