

**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. 20706

APPLICATION

COG Operating LLC ("Applicant") (OGRID No. 229137), 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 Bone Spring formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of Lots 3-4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of irregular Section 4, Township 24 South, Range 32 East, and the W/2 of Section 33, Township 23 South, Range 32 East, Lea County, New Mexico. In support of its application, COG states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Mastiff Fed Com #204H**, the **Mastiff Fed Com #306H**, and the **Mastiff Fed Com #307H** wells to be drilled from surface hole locations in SE/4 SW/4 (Unit N) of Section 4 to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 33.
- The **Mastiff Fed Com #205H**, the **Mastiff Fed Com #308H**, the **Mastiff Fed Com #309H**, the **Mastiff Fed Com #310H**, the **Mastiff Fed Com #505H**, the

Mastiff Fed Com #506H, the **Mastiff Fed Com #507H** wells to be drilled from surface hole locations in SW/4 SW/4 (Unit M) of Section 4 to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 33.

The completed interval for the proposed **Mastiff Fed Com #308H** well will be within 330' of the quarter-quarter line separating the W/2 W/2 and the E/2 W/2 of Sections 4 and 33 to allow inclusion of this acreage into a standard 640-acre horizontal well spacing unit.

3. Applicant 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.

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

5. In order to permit Applicant 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 Applicant should be designated the operator of this proposed horizontal wells and spacing unit.

WHEREFORE, Applicant 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 the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;

- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

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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 interest owners in the Bone Spring formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of Lots 3-4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of irregular Section 4, Township 24 South, Range 32 East, and the W/2 of Section 33, Township 23 South, Range 32 East, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Mastiff Fed Com #204H**, the **Mastiff Fed Com #306H**, and the **Mastiff Fed Com #307H** wells to be drilled from surface hole locations in SE/4 SW/4 (Unit N) of Section 4 to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 33.
- The **Mastiff Fed Com #205H**, the **Mastiff Fed Com #308H**, the **Mastiff Fed Com #309H**, the **Mastiff Fed Com #310H**, the **Mastiff Fed Com #505H**, the **Mastiff Fed Com #506H**, the **Mastiff Fed Com #507H** wells to be drilled from surface hole locations in SW/4 SW/4 (Unit M) of Section 4 to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 33.

The completed intervals for the proposed **Mastiff Fed Com #308H** well will be within 330' of the quarter-quarter line separating the W/2 W/2 and the E/2 W/2 of Sections 4 and 33 to allow inclusion of this acreage into a standard 640-acre horizontal well spacing unit. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 23 miles east of Loving, New Mexico.

July __, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of COG Operating, LLC for Compulsory Pooling, Lea County,
New Mexico.**
Mastiff Fed Com #204H-#205H, #306H-#310H, #505H-#507H Wells

Ladies & Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on August 8, 2019, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Adam Reker at (432) 685-2515 or AREker@concho.com.

Sincerely,

Kaitlyn A. Luck
ATTORNEY FOR COG OPERATING LLC