

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

**IN THE MATTER OF THE HEARING CALLED BY THE OIL
CONSERVATION COMMISSION FOR THE PURPOSE OF CONSIDERING:**

**DE NOVO APPLICATION OF COG OPERATING LLC FOR A
NON-STANDARD SPACING AND PRORATION UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

**CASE NO. 15327
ORDER NO. R-14023**

INTERVENOR'S PRE-HEARING STATEMENT

INTERVENER

Oil Conservation Division

INTERVENOR'S ATTORNEY

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Energy, Minerals and Natural
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STATEMENT OF THE CASE

The Oil Conservation Division (OCD) entered Order R-14023 after notice and hearing in Case 15327. The OCD found that:

1. The Division has defined the Maljimar, Yeso, West Pool as a single common source of supply with the vertical depths from the top of the Glorieta formation to the base of the Yeso formation. Division Rule 19.15.15.11(B) allows the Division to create and approve a non-standard spacing and pro-ration unit or project area and dedicate the project area to a well. However, there is no rule that allows the Division to compulsory pool a fraction of a pool even if the approved project area or unit contains depth severance clauses.

As a result, the application was denied without prejudice.

The OCD will call Will Jones and Phillip Goetze to testify regarding the grounds for denial of the application as well as the administrative issues affecting the OCD if granting a non-standard spacing and pro-ration unit or project area that is segregated vertically within an established pool or common source of supply is permitted.

INTERVENOR'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

1. William Jones

20 minutes

1979 Bachelors in Geological/Civil Engineering
New Mexico State University

1979-1999

Texaco

Production Engineer in northern Lea County
Reserves and Reservoir Engineer SE New Mexico and West Texas
Exploration/Exploitation Engineer in Denver
Coalbed Methane Engineer

1999-2001

Consulting Petroleum Engineer

San Juan Basin – Production Engineer

Illinois Basin – Coalbed Methane Reserves

2002-2013

New Mexico Oil Conservation Division

Regulatory Engineer/Hearing Officer

2013-2014

New Mexico State Land Office

Engineering Supervisor

2015-present

New Mexico Oil Conservation Division

Regulatory Engineer/Hearing Officer

District IV Supervisor

The OCD will offer Mr. Jones as an expert in petroleum engineering.

2. Phillip Goetze

20 minutes

Mr. Goetze holds a Bachelor of Science degree in geology and is a registered geologist in the states of Arizona and Texas. He has been employed by OCD for over a year and has been qualified as a hearing examiner. His experience with OCD includes review and hearing of applications regarding the formation of non-standard spacing and pro-ration unit or project areas.

The OCD will offer Mr. Goetze as an expert in petroleum geology.

3. Any rebuttal witness needed due to evidence presented at the hearing.

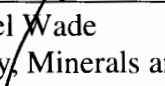
EXHIBITS

1. Order of the Oil Conservation Division R-14023.
2. All transcripts and documents in the record in Division in Case No. 15327.

PROCEDURAL MATTERS

None.

Respectfully submitted
October 30, 2015 by

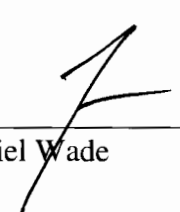


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Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed on the following parties on October 30, 2015:

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