

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

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

**APPLICATION OF COG OPERATING LLC
FOR APPROVAL OF AN UNORTHODOX WELL
LOCATION, EDDY COUNTY, NEW MEXICO.**

RECEIVED OGD
2012 SEP 13 PM 3:02
CASE NO. 14903

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by COG Operating LLC ("COG") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

ATTORNEY

Michael H. Feldewert
Adam G. Rankin
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

OPPONENT

Cimarex Energy Co.

ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
(505) 982-2151 Facsimile

STATEMENT OF THE CASE

COG Operating LLC ("COG") seeks an order, pursuant to Rule 19.15.15.13 NMAC, approving an unorthodox well location for its Patton 5 Fee No. 4 well (API No. 30-015-39842) located in Section 5, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. COG was forced to abandon its planned lateral in the Yeso formation for safety reasons when it encountered an old, pre-ONGARD well while drilling the horizontal well bore. In the interest of conservation and to prevent waste, as well as to attempt to recover the costs of the well, COG intends to attempt a completion up hole in the Grayburg-San Andres formation with perforations in the vertical portion of the well bore. The proposed completion in the Grayburg-San Andres formation will be at a surface location 2310 feet from the North line (Unit E) and 235 feet from the West line (Unit H) of Section 5. This location is unorthodox to the spacing unit to the West because this acreage is governed by the Division's statewide rules which provide for wells to be located no closer than 330 feet to the outer boundary of the spacing unit. The unorthodox location 95 feet closer to the Section line than the spacing rules allow would suggest a penalty of approximately 28.8 percent, but based on COG's analysis of the geology and engineering in this particular location, COG will present testimony and evidence that the location for its Patton 5 Fee No. 4 well will not drain reserves from the offsetting acreage and so there should be no penalty applied in this instance.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Stuart Dirks, Petroleum Landman	Approx. 15 mins.	Approx. 4
Greg Clark, Petroleum Geologist	Approx. 30 mins.	Approx. 5
Mina Elmalak, Reservoir Engineer	Approx. 40 mins.	Approx. 10

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



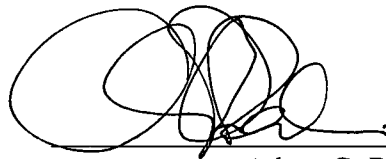
Michael H. Feldewert
Adam G. Rankin
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

ATTORNEYS FOR COG OPERATING LLC

CERTIFICATE OF SERVICE

I hereby certify that on September 13, 2012, I served a copy of the foregoing document to the following via electronic mail to:

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
(505) 982-2151 Fax
jamesbruc@aol.com

A handwritten signature in black ink, appearing to read 'Adam G. Rankin', is written over a horizontal line.

Adam G. Rankin