



**MONTGOMERY
& ANDREWS**
LAW FIRM

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RECEIVED OCD

2013 APR 12 P 4: 23

April 12, 2013

Ms. Jami Bailey, Director
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Hand Delivered

Re: NMOCD Case Nos. 14951, 14952, 14953, and 14954: Applications of Devon Energy Production Company, LP, for Non-Standard Oil Spacing and Proration Units and Compulsory Pooling, Lea County, New Mexico

And

NMOCD Case No. 14975: Application of COG Operating LLC for Designation of a Non-Standard Oil Spacing and Proration Unit and for Compulsory Pooling, Lea County, New Mexico

Dear Ms. Bailey:

On behalf of COG Operating LLC, enclosed is an original and one copy of COG's Response to Motion for Continuance.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

cc: James Bruce, Esq.

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REPLY TO:

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

RECEIVED OCD

**IN THE MATTER OF THE APPLICATIONS
OF DEVON ENERGY PRODUCTION
COMPANY, LP, FOR NON-STANDARD OIL
SPACING AND PRORATION UNITS AND
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO**

2013 APR 12 P 4: 23
**Case No. 14951
Case No. 14952
Case No. 14953 and
Case No. 14954**

And

**IN THE MATTER OF THE APPLICATION
OF COG OPERATING LLC FOR
DESIGNATION OF A NON-STANDARD OIL
SPACING AND PRORATION UNIT AND
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO**

Case No. 14975

**COG OPERATING LLC'S RESPONSE TO
MOTION FOR CONTINUANCE**

COG OPERATING LLC ("COG") by its undersigned attorneys, Montgomery & Andrews, P.A., (J. Scott Hall) hereby responds to Devon Energy Production Company LP's April 11, 2012 Motion for Continuance. COG cannot agree to another continuance and asks that Devon's motion be denied.

Devon, having agreed to continue the hearing in these cases to April 18th, now pleads witness scheduling conflicts. Devon's motion is completely unsupported in this regard and no other explanation is given for this development.

Devon's assertion that COG will experience no hardship by a delay is incorrect. As substantiated by the attached affidavit of COG's landman, Sean Johnson, COG will incur actual economic harm and the possible loss of valuable property rights.

Of primary concern to COG is the very real prospect of loss of lease acreage under an expiring term assignment. In order to meet its continuous development obligations under the term assignment, COG must drill the Pan Head Fee No. 4-H by June 16, 2013. Accordingly, it has planned to commence drilling on May 20th preceded by rig mobilization on May 17th. (See Shelf Drilling Schedule attached to Mr. Johnson's Affidavit.) Drilling a shorter one-mile lateral limited to the W/2 of Section 11 does nothing to prevent the loss of COG's acreage in Section 14 and may actually result in the wasteful drilling of otherwise unnecessary wells in both sections if the parties are limited to 160 acre units.

It is COG's very prudent practice that a well that is the subject of a compulsory pooling proceeding may not be started before a pooling order is issued by the Division. This is reflected by the negative indication for the "OK to Spud" column on the drilling schedule. Given the already tight time constraints, it is not reasonable to expect in a contested case that a hearing can be held on May 2nd, an order issued and then a large drilling rig be mobilized within the space of two weeks.

Contrary to Devon's assertion, COG is not presently situated to drill elsewhere on the term assignment acreage and in the event of a continuance, the drilling rig will be left with no place to go. The Pan Head Fee 4-H location is the only location on the drilling schedule with a presently approved permit. The only other possible locations on the term assignment acreage identified in Devon's motion are for vertical wells. They are not suitable for the large drilling rig COG has contracted for its horizontal project.

Moreover, if circumstances require COG to idle the drilling rig it will incur stand-by charges of \$12,000.00 for each day of delay. It will also become necessary for scheduled service company work to be re-scheduled. All of these logistical interruptions carry significant economic consequences.

Finally, it should also be noted that Devon's Applications may not be available for further continuance as April 18th represents the fourth time that they have been set for hearing.

WHEREFORE, COG Operating LLC requests the Division enter its order denying the Motion for Continuance.

Montgomery and Andrews, P. A.

By: _____



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shall@montand.com
Attorneys for COG Operating LLC

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served to counsel of record by electronic mail this 12 day of April, 2013.

James G. Bruce
Attorney at Law
P.O. Box 1056
Santa Fe, NM 87504-1056
(505) 982-2043

A handwritten signature in black ink, appearing to read "J. Scott Hall", written over a horizontal line.

J. Scott Hall

449538

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

**IN THE MATTER OF THE APPLICATIONS OF
DEVON ENERGY PRODUCTION COMPANY,
LP, FOR NON-STANDARD OIL SPACING AND
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**IN THE MATTER OF THE APPLICATION OF
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OF A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

Case No. 14975

AFFIDAVIT OF SEAN JOHNSON

**STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)**

SEAN JOHNSON, being duly sworn, states:

I am the age of majority and am otherwise competent to testify to the matters set forth herein of which I have personal knowledge.

I am Senior Landman for Concho Resources and COG Operating LLC in their Midland, Texas office. Among other areas, I am familiar with and am responsible for the company's land matters in the vicinity of Township 17 South, Range 32 East, NMPM in Lea County, New Mexico. I am familiar with the lands that are the subject of COG's Application and Devon's Applications in these cases. COG is unable to agree to Devon's motion to continue the hearing in these matters for the following reasons:

COG is threatened with the expiration of lease acreage and will incur other economic harm if drilling is delayed.

Since April of 2012, Devon has known of COG's plans to develop its acreage with a horizontal well. Devon has also been aware of the possibility of the loss of acreage by expiration under the 2008 Marathon/Hawkins Term Assignment. Accordingly, COG made the decision to include the acreage in the NW/4 of Section 14 T17S R32E in the spacing unit for the Pan Head Fee 4-H and beginning in the fall of 2013, COG began work to obtain the necessary permitting and surface clearances for its drilling locations in the NW/4 of Section 11 T17S R32E. The Pan Head Fee No. 4-H well is the subject of Case No. 14975.

COG has scheduled the Silver Oak #3 drilling rig for a number of locations, but the last location with an approved APD is the Pan Head Fee No. 4-H well. COG has scheduled the rig to begin drilling on May 20, 2013. A rig pad is under construction. Rig mobilization will start on or approximately May 17, 2013. A copy of COG's drilling schedule is attached.

After the Pan Head Fee No. 4-H, COG has no other approved locations to which the Silver Oak #3 drilling rig can be moved. If COG is not able to start drilling by May 20th, the rig will have to be idled. Under COG's drilling contract, it will have to pay \$12,000.00 per day for stand-by time for the idled rig.

Other service companies including a frac crew have been scheduled for the Pan Head Fee No. 4-H well. Their work will also have to be delayed.


The Silver Oak #3 is a larger rig used for horizontal projects and is not suitable for drilling vertical wells. It cannot be used to drill the other acreage under the 2008 Term Assignment that Devon has identified in its motion.

In October of 2012, COG enrolled acreage in the area under a Candidate Conservation Agreement (CCA) with the BLM and U.S. Fish and Wildlife Service designed to protect the Dune Lizard. COG obtained approvals for its surface locations in the NW/4 of Section 11 under the CCA protocols, but those approvals are of limited duration. The same is true under COG's surface use agreement with the landowner/tenant.

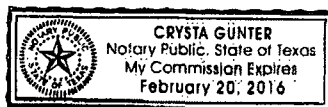
FURTHER AFFIANT SAYETH NOT.


SEAN JOHNSON

Subscribed, sworn to and acknowledged before me on this 12 day of April, 2013, by Sean Johnson.


Notary Public

My commission expires:



Shelf Drilling Schedule Updated - 3/26/2013

JW #2 - Yeso Horiz, KB 18.5', David Brinkly, Relief - David Foster, Cement - Halliburton, Mud - Nova, Dirct'l Co - Halliburton

Well Name	Add Days	Approx Spud Date	Critical Spud Date	OK to Spud	OK to Build Location	Loc Bit	Pit	APD	NSL	Sdry Ntc	Vert, Dir, Horiz	Dir Plan	Logs	Target Zone	Est TVD	Permit TVD	Permit MD	Pilot Hole TD	Sec/T/R	API #	Comments
CARMEN 3 FEDERAL COM 15H	21	3/4/2013	3/12/2013	YES	YES	YES	YES	YES		YES	Horiz		OH	Lower Blinebry		5650	9216	6200	03 /17 S/30 E	3001540539	Reaming @ 9,100' & cut mud weight f/ 9.3+ to 9.2, TD @ 10,200' VS 4,603', water flow f/CSG 2.5 bph, f/Well @

Silver Oak #3 - Yeso Horiz, KB 18', David Brinkly, Relief - David Foster, Cement - Halliburton, Mud - Nova, Dirct'l Co - Halliburton

Well Name	Add Days	Approx Spud Date	Critical Spud Date	OK to Spud	OK to Build Location	Loc Bit	Pit	APD	NSL	Sdry Ntc	Vert, Dir, Horiz	Dir Plan	Logs	Target Zone	Est TVD	Permit TVD	Permit MD	Pilot Hole TD	Sec/T/R	API #	Comments
HOGAN STATE COM 3H	21	3/25/2013	4/20/2013	YES	YES	YES	YES	YES		YES	Horiz		OH	Lower Blinebry	5200	5200	9627		2/17 S/29 E	3001540414	
CADILLAC 15 STATE 1H	35	4/15/2013	2/3/2014	YES	YES	YES	YES	YES	NA	YES	Horiz		OH	U/L Blinebry		5200			15/17 S/29 E	30-015-40923	Dual Lateral
PAN HEAD FEE 4H	27	5/20/2013	6/16/2013	NO	NO	NO	YES	YES			Horiz		OH	Lower Blinebry					11/17 S/32 E	3002540888	FP Hearing 4/4/13, Is right of way taken care of? Lo Lateral
TEXMACX 11 FED 118H (LBB)	22	6/16/2013		NO	NO	NO	YES	SNT			Horiz			Lower Blinebry					11/17 S/31 E		
TEXMACX 11 FED 116H (LBB)	24	7/8/2013		NO	NO	NO	YES	SNT			Horiz			Lower Blinebry					11/17 S/31 E		
SKELLY UNIT 739H	22	7/29/2013	11/11/2014	NO	YES	YES	YES	YES	YES	YES	Horiz		OH	Paddock		5129	9598		22 /17 S/31 E	3001538343	

United #40 - Yeso Horiz, KB 14', Mike Steward, Relief - Todd Hinton, Cement - Haliburton, Mud - MI, Dirct'l Co - Archer

Well Name	Add Days	Approx Spud Date	Critical Spud Date	OK to Spud	OK to Build Location	Loc Bit	Pit	APD	NSL	Sdry Ntc	Vert, Dir, Horiz	Dir Plan	Logs	Target Zone	Est TVD	Permit TVD	Permit MD	Pilot Hole TD	Sec/T/R	API #	Comments
OUIMET STATE COM 4H	21	3/19/2013	5/1/2013	YES	YES	YES	YES	YES	YES	YES	Horiz		OH	Lower Blinebry		5200	9800		2/17 S/29 E	3001540419	Run gamma strip log @ 4,679' (Day 7)
OUIMET STATE COM 2H	21	4/9/2013	6/1/2013	YES	YES	YES	YES	YES		YES	Horiz		OH	Lower Blinebry		5200	8732		2/17 S/29 E	3001540417	
SIDEMARINE 10 FEDERAL 2H (LBB)	22	4/30/2013		YES	YES	IP	YES	YES			Horiz			U Blnbry		5000			10 /17 S/29 E	3001540542	
PUCKETT 13 FED COM 6H	21	5/22/2013	6/14/2013	NO	YES	NO	YES	YES		YES	Horiz			Lower Blinebry		6600	11309		13 /17 S/31 E	3001540736	PRARIE CHICKEN
MIRANDA FEDERAL 24H	40	6/12/2013	6/1/2014	NO	YES	NO	YES	YES			Horiz		SLB PEX/H RLA, HNGS	Lower Blinebry		5450			09 /17 S/30 E	3001541103	Waiting on Sundry to chg from packer to cmt liner
MIRANDA FEDERAL 12H	40	7/22/2013	6/1/2014	NO	YES	NO	YES	YES			Horiz		SLB PEX/H RLA, HNGS	Blnebry		5450			09 /17 S/30 E	3001541102	Waiting on Sundry to chg from packer to cmt liner