

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

**APPLICATION OF COG OPERATING LLC FOR
TWO NON-STANDARD PROJECT AREAS, TWO
NON-STANDARD OIL SPACING AND PRORATION
UNITS, AND APPROVAL OF NON-STANDARD
LOCATIONS FOR TWO WELLS,
LEA COUNTY, NEW MEXICO.**

CASE NO. 15035

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

CASE NO. 15044

COG's CONSOLIDATED PRE-HEARING STATEMENT

COG Operating LLC, submits this Pre-Hearing Statement for the above referenced cases
pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

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APPLICANT'S STATEMENT OF CASE

In Case Nos. 15044 and 15035, COG seeks to continue development of the Upper Shale portion of the Bone Spring formation underlying Sections 8 and 5 in Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, by drilling (a) four additional one-and-three-quarter mile standup horizontal wells on federal acreage from surface locations in the S/2 S/2 of Section 8 and extending into the S/2 N/2 of Section 5, and (b) one lay down horizontal well on a mixture of fee and federal acreage in the N/2 N/2 of Section 5. With the exception of the N/2 NW/4 and the NW/4 NE/4 of Section 5, the remainder of Sections 5 and 8 are subject to a single federal lease. The acreage subject to this single federal lease currently has one producing, standup horizontal well (the Gunner 8 Federal Well No. 8H, API No. 30-025-40309) that extends from the SW/4 SW/4 (Unit M) of Section 8 to the SW/4 NW/4 (Unit E) of Section 5.

In **Case No. 15035**, COG seeks approval of two additional 280-acre non-standard project areas and oil spacing and proration units on the federal acreage comprised of (i) the SW/4 NE/4 and W/2 SE/4 of Section 5, and the W/2 E/2 of Section 8, to be dedicated to the Gunner 8 Fed. Well No. 5H, with a surface location in the SW/4 SE/4 of Section 8 and a terminus in the SW/4 NE/4 of Section 5, and (ii) the SE/4 NW/4 and E/2 SW/4 of Section 5, and the E/2 W/2 of Section 8, to be initially dedicated to the Gunner 8 Fed. Well No. 6H, with a surface location in the SE/4 SW/4 of Section 8 and a terminus in the SE/4 NW/4 of Section 5. The completed interval for these proposed wells will be at a non-standard location to allow for an efficient five-well spacing pattern on this federal lease.

In **Case No. 15044**, COG seeks to create a non-standard 160-acre spacing and proration unit comprised of a mixture of fee and federal lands in the N/2 N/2 of Section 5 and pool all mineral interests in the Bone Spring formation underlying this acreage. This proposed non-standard spacing unit will be dedicated to COG's Gunner 5 Fee Com 1H Well, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 5. The completed interval for this well will be within the 330-foot standard offset required by the Division's rules. The drilling of this well will efficiently develop the reserves in the N/2 N/2 of Section 5 that are subject to both fee and federal leases.

Certain parties holding mineral interests under fee leases covering the N/2 NW/4 and the NW/4 NE/4 of Section 5 have filed objections with the Division to the creation of the two 280-acre non-standard spacing units and project areas on the federal lease that is the subject of Case No. 15035. None of these mineral owners have objected to

the proposed non-standard locations for the wells that are the subject of Case No. 15035, and none of these mineral owners hold interests in the federal lease that is the subject of Case 15035. In addition, these mineral owners have not agreed to participate in the proposed Gunner 5 Fee Com 1H Well, which is the subject of Case No. 15044 and seeks to develop the minerals in the Bone Spring formation underlying the fee and federal leases in the N/2 N/2 of Section 5.

APPLICANT'S PROPOSED EVIDENCE

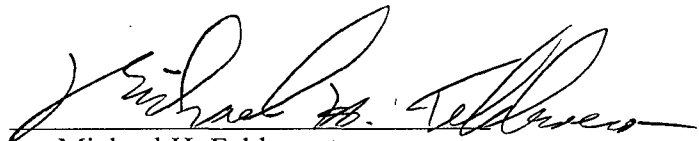
<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Michael Wallace – Landman	Approx. 20	Approx. 8
Andrew McCarthy – Geologist	Approx. 20	Approx. 5
Jason Miller or Jayne Krawietz – Reservoir Engineer	Approx. 20	Approx. 5

PROCEDURAL MATTERS

COG requests that the above referenced cases be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART, LLP



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