

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

**APPLICATIONS OF COG OPERATING LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 22757-22758

APPLICANT'S CONSOLIDATED PRE-HEARING STATEMENT

COG Operating LLC ("COG") (OGRID No. 229137), the applicant in the above-referenced cases, submits this Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

COG Operating LLC

OTHER PARTIES

XTO Energy, Inc.

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APPLICANT'S STATEMENT OF CASE

In these consolidated cases, COG seeks orders pooling all uncommitted interests in the Wolfcamp formation [Brinninstool; Wolfcamp West (Pool Code 96689)] underlying the E/2 of Sections 8, 17 and 20, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico as follows:

- Under **Case 22757**, COG seeks to pool a 960-acre, more or less, standard horizontal well spacing unit comprised of E/2 of Sections 8, 17 and 20, to be initially dedicated to (a) the **Margherita Federal Com 602H** to be drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 8 to bottom hole location SE/4 SE/4 (Unit P) of Section 20, and (b) the **Margherita Federal Com 603H** and **Margherita Federal Com 604H** to be drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 8 to bottom hole locations in the SW/4 SE/4 (Unit O) of Section 20. The completed interval of the Margherita Federal Com 603H well will remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit.
- As an alternative, COG seeks under **Case 22758** to pool an 800-acre, more or less, standard horizontal well spacing unit comprised of SE/4 of Section 8 and the E/2 of Sections 17 and 20 to be initially dedicated to (a) the **Calzone Federal Com 702H** to be drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 20 to a bottom hole location NE/4 SE/4 (Unit I) of Section 8; and (b) the **Calzone Federal Com 703H** and **Calzone Federal Com 704H** to be drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 20 to bottom hole locations in the NW/4 SE/4 (Unit J) of Section 8. The completed interval of the Calzone Federal Com 703H well is expected to remain

within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit.

COG seeks the issuance of both pooling orders at this time due to the uncertainty associated with the federal lease covering the NE/4 of Section 8 and the pending expiration of the separate federal lease covering the SE/4 of Section 8. COG intends to proceed with drilling from the NE/4 of Section 8 under the 960-acre spacing unit to be dedicated to the Margarita wells. However, if the issues associated with the federal lease in the NE/4 of Section 8 are not resolved in time to commence the drilling necessary to perpetuate the expiring federal lease in the SE/4 of Section 8, COG intends to proceed with drilling from the SE/4 of Section 20 under the alternative pooling order sought for the 800-acre spacing unit to be dedicated to the Calzone wells.

COG has apprised the affected working interest owners of these alternative development plans and the need to seek both pooling orders. COG has also apprised the affected working interest owners that it does not intend to proceed under both development plans and that it will seek an election to participate under only one of the two pooling orders. No working interest owner has objected to this approach.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Brian Dart, Landman	Affidavit	Approx. 6
Joseph Dishron, Geology	Affidavit	Approx. 3

PROCEDURAL MATTERS

COG asks that these cases be consolidated for hearing and intends to present these cases by affidavit. If the Division believes it is appropriate to include language in the standard pooling orders addressing the alternative drilling plans, COG suggests the following paragraphs be added

to each pooling order after the customary paragraphs addressing the submission of the Estimated Well Costs and the 30-day time frame to elect to participate (normally order paragraphs 22 & 23):

- Due to the uncertainty currently associated with the federal lease covering the NE/4 of Section 8, COG intends to proceed with development under either the pooling order issued in Case 22757, or the pooling order issued in Case 22758.
- COG will submit to each owner of an uncommitted working interest the Estimated Well Costs and afford the uncommitted working interest owners an election to participate under only one of the pooling orders issued in Cases 22757 and 22758, but not both.
- At the time that COG submits the Estimated Well Costs to each owner of an uncommitted working interest under one of the pooling orders issued in Cases 22757 and 22758, it shall provide notice to the uncommitted working interest owners and the Division of the dismissal of the other pooling order such that only one pooling order remains under these cases.

Respectfully submitted,

HOLLAND & HART LLP



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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 102589

QUESTIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 102589
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>