

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

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD, OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25005

PRE-HEARING STATEMENT

COG Operating LLC (“COG” or “Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPLICANT

COG Operating LLC

ATTORNEYS

Dana S. Hardy
Jaclyn M. McLean
Dylan M. Villescascas
Hinkle Shanor LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com
dvillescascas@hinklelawfirm.com

INTERESTED PARTY

None

ATTORNEY

STATEMENT OF THE CASE

COG applies for an order: (1) establishing a 1,268.12-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of all of irregular Sections 6 and 7, Township 24 South, Range 33 East, Lea County, New Mexico (“Unit”); and (2) pooling uncommitted interests in the Bone Spring formation within the Unit, save and except the Avalon interval defined as the

depths lying between the stratigraphic equivalent of 9,175’ and 10,090’ TVD. COG seeks to dedicate the unit to the following proposed wells (“Wells”):

- a. **Macho Nacho State Com 601H**, which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 7 to a bottom hole location in Lot 1 (NE/4 NE/4 equivalent) of Section 6;
- b. **Macho Nacho State Com 603H**, which will be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of Section 7 to a bottom hole location in Lot 2 (NW/4 NE/4 equivalent) of Section 6;
- c. **Macho Nacho State Com 605H**, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 7 to a bottom hole location in Lot 3 (NE/4 NW/4 equivalent) of Section 6; and
- d. **Macho Nacho State Com 607H**, which will be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 7 to a bottom hole location in Lot 4 (NW/4 NW/4 equivalent) of Section 6.

The completed intervals of the Wells will be orthodox.

The Unit will overlap with the spacing units for the following wells:

Well Name	API	Operator	Spacing Unit	Pool
Macho Nacho State 1H	30-025-39882	COG Operating LLC	158.31 acres, 7-24S-33E Units: A, B, C, D(1)	Triple X; Bone Spring, West (96674)
Macho Nacho State 2H	30-025-39883	COG Operating LLC	158.34 acres, 7-24S-33E Units: E (2), F, G, H	Triple X; Bone Spring, West (96674)
Macho Nacho State 3H	30-025-40853	COG Production LLC	158.36 acres, 7-24S-33E Units: I, J, K, L(3)	Triple X; Bone Spring, West (96674)

Macho Nacho State 4H	30-025-41126	COG Production LLC	158.39 acres, 7-24S-33E Units M (4), N, O, P	Triple X; Bone Spring, West (96674)
Macho Nacho State Com 5H	30-025-41958	COG Production LLC	160 acres, 7-24S-33E Units: A, H, I, P	Triple X; Bone Spring, West (96674)
Macho Nacho State Com 6H	30-025-42488	COG Production LLC	160 acres, 7-24S-33E Units: B, G, J, O	Triple X; Bone Spring, West (96674)
Macho Nacho State Com 7H	30-025-42489	COG Production LLC	160 acres, 7-24S-33E Units: B, G, J, O	Triple X; Bone Spring, West (96674)
Macho Nacho State Com 8H	30-025-42517	COG Production LLC	160 acres, 7-24S-33E Units: C(3), F, K, N	Triple X; Bone Spring, West (96674)
Macho Nacho State Com 9H	30-025-42518	COG Production LLC	153.4 acres, 7-24S-33E Units: D(1), E(2), L(3), M(4)	Triple X; Bone Spring, West (96674)
Macho Nacho State Com 10H	30-025-42453	COG Production LLC	153.4 acres, 7-24S-33E Units: D(1), E(2), L(3), M(4)	Triple X; Bone Spring, West (96674)
Tres Equis State 2	30-025-40183	Cimarex Energy Co	159.94 acres, 6-24S-33E Units: C(3), F, K, N	Triple X; Bone Spring, West (96674)
Tres Equis State 3H	30-025-40320	Cimarex Energy Co	155.02 acres, 6-24S-33E Units: D(4), E(5), L(6), M(7)	Triple X; Bone Spring, West (96674)
Tres Equis State 4H	30-025-40341	Cimarex Energy Co	159.86 acres, 6-24S-33E Units: A(1), H, I, P	Triple X; Bone Spring, West (96674)
Tres Equis State 5	30-025-40449	Cimarex Energy Co	159.9 acres, 6-24S-33E Units: B(2), G, J, O	Triple X; Bone Spring, West (96674)
Tres Equis State 6H	30-025-43506	Cimarex Energy Co	159.9 acres, 6-24S-33E Units: B(2), G, J, O	Triple X; Bone Spring, West (96674)

Due to a depth severance within the Unit, Applicant seeks to pool uncommitted interests in the Bone Spring formation, save and except the Avalon interval defined as the depths lying between the stratigraphic equivalent of 9,175' and 10,090' TVD, as shown on the Halliburton Spectral Density Dual Spaced Neutron Log in the Parker & Parsley Development Corp. Tres Equis State No. 1 (API No. 30-025-33633). COG is only seeking to pool overriding royalty interests, as all working interests are committed to the Wells.

Applicant requests approval of a non-standard horizontal spacing unit to allow for the consolidation of surface facilities and thereby prevent surface, environmental, and economic waste.

The Wells are located approximately 25 miles northwest of Jal, New Mexico.

PROPOSED EVIDENCE

<u>Witness</u>	<u>Occupation</u>	<u>Estimated Time</u>	<u>Exhibits</u>
Michael Potts	Landman	Affidavit	Approx. 6
Ben Breyman	Geologist	Affidavit	Approx. 4

PROCEDURAL MATTERS

Applicant will present this case by affidavit if there is no opposition.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy
Dana S. Hardy
Jaelyn M. McLean
Dylan M. Villescas
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com
dvilescas@hinklelawfirm.com
Counsel for COG Operating LLC

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 415674

QUESTIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 415674
	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>