

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

**APPLICATION TO AMEND ORDER R-13535
TO COMPULSORY POOL ADDITIONAL
MINERAL INTERESTS IN THE APPROVED
SPACING AND PRORATION UNIT, AND TO
CHANGE THE INITIAL WELL DEDICATED
TO THE UNIT, EDDY COUNTY, NEW MEXICO.**

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CASE NO. 14795 (re-opened)

COG's PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

COG Operating LLC
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ATTORNEY

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APPLICANT'S STATEMENT OF CASE

Under Division Order R-13535 entered on April 11, 2012, the Division (1) approved the formation of a non-standard 160-acre oil spacing and proration unit and project area in the Yeso formation, the Penasco Draw-San Adres-Yeso Associated Pool (50270) consisting of the E/2 E/2 of Section 31, Township 18 South, Range 26 East, NMPM, in Eddy County, New Mexico and (2) pooled all known uncommitted interests in this non-standard spacing and proration unit. This unit was to be dedicated to the Falabella "31" Fee Well No. 4H, to be horizontally drilled from a surface location 150 feet from the South line and 1040 feet from the East line (Unit P) to a bottom hole location 330 feet from the North line and 1040 feet from the East line (Unit A) of Section 31. This

well has not yet been drilled and by letter dated March 1, 2013, the Division extended the date to commence the drilling of this well until April 15, 2014.

COG now seeks to change the initial well dedicated to this E/2 E/2 non-standard spacing unit. The new initial well will be the Falabella 31 Fee Well No. 8H (API 30-015-39515), to be horizontally drilled from a surface location 150 feet from the South line and 380 feet from the East line (Unit P) to a bottom hole location 330 feet from the North line and 380 feet from the East line (Unit A) of Section 31. The completed interval for this well will comply with the Division's setback requirements. COG has also recently discovered additional interest owners in this approved non-standard spacing and proration unit who have not been pooled and who have not yet committed to participate in the drilling of this well. Therefore, under this application, COG seeks to add these additional parties as "pooled working interest owners" subject to the provision of Order R-13535 and to change the initially dedicated well to the proposed Falabella 31 Fee Well No. 8H (API 30-015-39515).

APPLICANT'S PROPOSED EVIDENCE

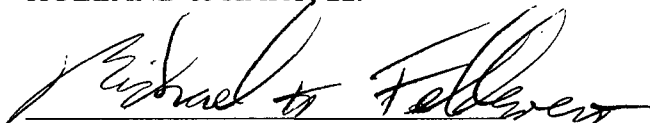
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Joseph Scott – Landman	Approx. 10 minutes	Approx. 8

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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