

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

**APPLICATION OF MEWBOURNE OIL COMPANY FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**Case No. 23173**

**APPLICATION OF COG OPERATING LLC FOR COMPULSORY  
POOLING AND APPROVAL OF AN OVERLAPPING SPACING  
UNIT, EDDY COUNTY, NEW MEXICO.**

**Case No. 23650**

**COG'S PRE-HEARING STATEMENT**

COG Operating LLC ("COG"), pursuant to the prehearing order entered in these consolidated matters, submits this pre-hearing statement.

**APPEARANCES**

**APPLICANTS**

COG Operating LLC

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**OTHER PARTIES**

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### **COG's STATEMENT OF THE CASE**

COG and Mewbourne Oil Company ("Mewbourne") have proposed competing horizontal well spacing units in the Wolfcamp formation, Purple Sage; Wolfcamp (Gas) Pool (98220), that overlap in the S2 equivalent of irregular Section 31, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, as follows:

- Under **Case No. 23650**, COG seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 947-acre, more or less, horizontal well spacing unit comprised of the S2 equivalent of irregular Section 30 and all of irregular Section 31, Township 23 South, Range 27 East for proposed 1.5-mile "TLC" wells.
- Under **Case No. 23173**, Mewbourne seeks and order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the S2 of Section 31, Township 23 South, Range 27 East, and the S2 of Section 36, Township 23 South, Range 26 East for proposed 2-mile "Charlie" wells.

COG owns 100% of the S2 equivalent of irregular Section 31 where the competing horizontal well spacing units overlap. COG also operates the TLC State Com 1 (API No. 30-015-33560), a vertical well located in Lot 2 (SW4NW4 equivalent) of Section 31 producing from the Wolfcamp formation.

Division records reflect Mewbourne has commenced development of the Wolfcamp formation underlying its acreage in adjacent Section 36 with standup wells extending south from the N2N2 of Section 25 into Section 36, Township 23 South, Range 26 East. *See* Ghost rider 25/36 WODM Federal Com 2H (30-015-44302), Ghost rider 25/36 WOAP Federal Com 1H (30-015-44481), Ghost rider 25/36 WOAP Federal Com

2H (30-015-44461). Since Mewbourne can continue to develop its acreage in Section 36 with similar two-mile standup wells, or with one-mile laydown laterals if that is now Mewbourne's preference, no justification exists to force COG's Section 31 acreage to be included with Mewbourne's acreage in adjacent Section 36. As the Division noted in Order R-21826:

“WPX's argument for stranded acreage is unpersuasive. To find that the W/2 of Section 22 would be stranded under COG's proposal requires a finding that one-mile laterals are no longer practicable. While some operators may favor longer laterals, one-mile laterals continue to be drilled in New Mexico. In a recent compulsory pooling case, the Commission was faced with a similar argument and rejected it. Marathon Oil Permian LLC, Order R-21416-A, ¶¶ 55-57 (“There is no engineering or geological reason that Marathon cannot complete 1-mile laterals”).

*COG Operating v. WPX*, Order R-21826 (8/31/21) at ¶ 17. *See also, Chevron v. Cimarex*, Order R-22204 (July 25, 2022) at ¶ 25 (rejecting Cimarex's contention that one-mile wells are no longer practicable). Indeed, Mewbourne's effort to prevent COG from developing COG's acreage in Section 31 is contrary to Division's rulings in recent competing pooling cases. *See, e.g., Chevron v. Cimarex*, Order R-22204 (July 25, 2022) at ¶ 26 (“OCD concludes that, following the Commission's precedent in analyzing proposed overlapping spacing units, the Chevron applications prevent waste and protect correlative rights by presenting the best opportunity for each party to develop its own acreage. Each party will be left in control of units where they have the significant majority, or the entirety, of the working interest control.”). *See also Devon v. Cimarex*, Order R-22205 (July 25, 2022) at ¶ 27 (noting same).

The land ownership and recent Division precedent requires that the Division issue an order granting COG's pooling application and denying Mewbourne's competing pooling application.

**APPLICANT’S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Shelley Klingler, Landman	Self-Affirmed Statement	Approx. 6
Jessica Pontiff, Geologist	Self-Affirmed Statement	Approx. 4

**PROCEDURAL MATTERS**

COG is dismissing the request for approval of an overlapping spacing unit and requests that the Division simply address the competing pooling cases. Pursuant to the prehearing order filed in these matters, COG has provided with this prehearing statement a full narrative of the direct testimony and referenced exhibits for each witness it anticipates calling at the contested hearing. COG reserves the right to call rebuttal witnesses and to introduce rebuttal exhibits as needed.

Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_

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**CERTIFICATE OF SERVICE**

I hereby certify that on July 27, 2023, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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QUESTIONS

Action 245319

**QUESTIONS**

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 245319
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<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>