

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

**APPLICATION TO AMEND ORDER R-13578
TO COMPULSORY POOL ADDITIONAL MINERAL
INTERESTS IN THE APPROVED SPACING AND
PRORATION UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. 14831 (re-opened)

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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
550 W. Texas Avenue, Suite 100
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ATTORNEY

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APPLICANT'S STATEMENT OF CASE

Under Division Order R-13578 entered on June 26, 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 W/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 is dedicated to the Falabella "31" Fee Well No. 7H, to be horizontally drilled from a surface location 150 feet from the South line and 1700 feet from the East line (Unit O) to a bottom hole location 330 feet from the North line and 1700 feet from the East line (Unit B) of

Section 31. The completed interval for this well will be entirely with the applicable setbacks required by Division rules. This well has yet to be 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 is ready to proceed with the drilling of this well, but a drilling title opinion has recently uncovered 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. Under this application, COG seeks to add these additional parties as “pooled working interest owners” subject to the provision of Order R-13578.

APPLICANT’S PROPOSED EVIDENCE

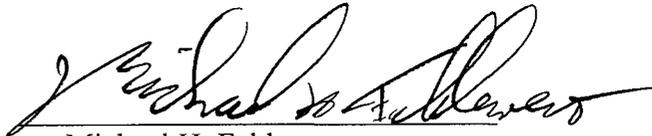
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Joseph Scott – Landman	Approx. 10 minutes	Approx. 5

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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