

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

**APPLICATION OF COG OPERATING LLC,
FOR APPROVAL OF SURFACE LEASE COMMINGLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO.15203

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
One Concho Center
600 W. Illinois Avenue
Midland, TX 79701

ATTORNEY

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APPLICANT'S STATEMENT OF CASE

COG filed an administrative application dated June 2, 2014, for approval to commingle production from the Yeso formation, Penasco Draw; SA-Yeso Pool (Pool Code 50270) from four wells located on separate fee leases in Section 31, Township 18 South, Range 26 East. COG proposed to commingle production at a central tank battery and allocate production to the leases based upon a well test method utilizing a continuously metered test separator. Two owners, Sandra S. Baker and Michael Carter, filed objections to the application prompting this hearing. Only two of the four wells have been drilled, and the remaining two wells are not scheduled to

be drilled until sometime in 2016. COG therefore modifies its request by seeking an order approving the surface lease commingling of production from only the two existing wells: The Falabella 31 Fee #7H (30-015-39514) and the Falabella 31 Fee #8H (30-015-39515). COG proposes to store production at a central tank battery at the Falabella 31 Fee #8H well site and allocate production by the subtraction method whereby one of the two wells will be continuously and separately metered. COG will seek authority administratively to commingle production from the additional wells in Section 31 at this central tank battery once those wells are drilled.

APPLICANT'S PROPOSED EVIDENCE

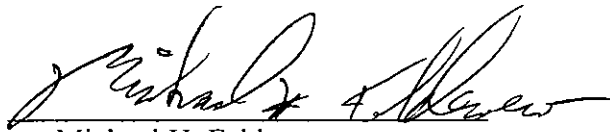
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Stuart Dirks, Landman	Approx. 10	Approx. 4
Kevin Hinshaw, Facilities Engineer	Apprx. 10	Approx. 5

PROCEDURAL MATTERS

COG requests that this matter be consolidated for hearing with Case No. 15202.

Respectfully submitted,

HOLLAND & HART, LLP



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