

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

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APPLICATION OF COG OPERATING  
LLC FOR A NON-STANDARD SPACING  
AND PRORATION UNIT AND COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO

Case No. 15391

PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by VF Petroleum by and through its undersigned counsel, Ernest L. Padilla, PADILLA LAW FIRM, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT:

COG Operating, LLC

ATTORNEY:

Gary W. Larson  
Hinkle Shanor, LLP  
P.O. Box 2068  
Santa Fe, New Mexico 87504-2068  
Attorney for COG Operating, LLC  
(505) 982-4554

OPPOSITION OR OTHER PARTY:

V-F Petroleum, Inc.  
500 W Texas Avenue, Ste. 350  
Midland, TX 79701

ATTORNEY:

Ernest L. Padilla  
Padilla Law Firm, P.A.  
P.O. Box 2523  
Santa Fe, New Mexico 87504  
Attorney for V-F Petroleum, Inc.  
(505) 988-7577

**STATEMENT OF CASE**

**APPLICANT:**

Applicant seeks an order (i) creating a 160-acre non-standard oil spacing and proration unit (project area) comprised of the E/2 W/2 of Section 15, Township 17 South, Range 32E, N.M.P.M., in Lea County, and (ii) pooling all uncommitted mineral interests in the Yeso formation underlying this acreage. The project area is to be dedicated to applicant's **Ivar the Boneless Fed #14H well**, which will be horizontally drilled from a surface location in Unit C of Section 22, Township 17 South, Range 32 East to a bottom hole location in Unit C of Section 15, Township 17 South, Range 32 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG Operating LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 1.25 miles south of Maljamar, New Mexico.

**OPPOSITION OR OTHER PARTY:**

V-F Petroleum, Inc. operates the Hudson Federal No. 1 well (API: 30-025-25107, 1980 FSL & 1980 FWL) dedicated to NE/4SW/4 of Section 15, Township 17 South, Range 32 East, Lea County, NM. It is presently being completed within the vertical limits of the Maljamar Yeso West Pool (44,500) at a depth of 6,730'-6,820' OA. V-F Petroleum, Inc. opposes the application, which calls for drilling a horizontal well, because a horizontal well will encounter only a limited interval within the vertical limits of the pool. Vertical wells dedicated to 40-acre spacing can produce oil and gas from multiple zones within the vertical limits of the pool at significantly lower drilling costs. Future Yeso intervals are at depths of 6,400'-6,580' OA, 6,100'-6,330' OA, and 5,558'-6,638' OA. V-F Petroleum, Inc. intends to drill another vertical well in the SE/4SW/4 of Section 15, acreage which it also operates.

**PROPOSED EVIDENCE**

**APPLICANT**

**WITNESSES**

**EST. TIME**

**EXHIBITS**

**OPPOSITION**

**WITNESSES**

**EST. TIME**

**EXHIBITS**

Thomas Beall  
(Engineer)

20 min.

Cost of vertical v. horizontal wells, and allowable adjustments

Jerry Gahr (Landman)

Ownership maps

Lou Mazzullo or Dale Lubinski  
(geologists)

Type Log and potential  
productive intervals of the  
Maljamar Yeso West Pool

**PROCEDURAL MATTERS**

None.

Respectfully submitted,

PADILLA LAW FIRM, P.A.

/s/ ERNEST L. PADILLA  
ERNEST L. PADILLA  
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PO Box 2523  
Santa Fe, New Mexico 87504  
505-988-7577

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing was electronically transmitted on this 8<sup>th</sup> day of October, 2015 to the following:

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/s/ ERNEST L. PADILLA  
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