

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF COG OPERATING LLC
FOR DESIGNATION OF A NON-STANDARD
OIL SPACING AND PRORATION UNIT
AND FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO CASE NOS. 14203; 14204; 14205;
14206; 14207; 14208;
14209; 14210; 14211;
14212; 14213; 14214;
14215 and 14216

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PRE-HEARING STATEMENT

This prehearing statement is submitted by COG Operating LLC as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

COG Operating LLC
550 W. Texas Ave., Suite 1300
Tower II
Midland, Texas 79701

ATTORNEY

J. Scott Hall, Esq.
Montgomery and Andrews
325 Paseo de Peralta
Santa Fe, New Mexico 87501
982-3873

OPPOSITION OR OTHER PARTY

Chesapeake Energy Corporation
6100 North Western Ave
Oklahoma City, OK 73118
(405) 848-8000

ATTORNEY

W. Thomas Kellahin, Esq.
706 Gonzales Road
Santa Fe, New Mexico
(505) 982-4285

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

COG Operating LLC seeks (1) the Division's approval of the creation of 160-acre non-standard Wolfcamp formation proration units, and (2) the forced-pooling of un-joined interests for the drilling of horizontal project area wells on the following lands, all in T15S, R31E:

1. Case No. 14203 – Taurus Federal Well #1;
S/2 S/2 of Section 10;
2. Case No. 14204 – Taurus State Com Well #2;
N/2 S/2 of Section 10;
3. Case No. 14205 – Taurus State Com Well #3;
S/2 N/2 of Section 10;
4. Case No. 14206 - Taurus State Com Well #4;
N/2 N/2 of Section 10;
5. Case No. 14207 – Orion Federal Com Well #1H;
S/2 N/2 of Section 13;
6. Case No. 14208 – Orion Federal Well #2;
N/2 S/2 of Section 13;
7. Case No. 14209 – Orion Federal Com Well #3;
S/2 S/2 of Section 13;
8. Case No. 14210 – Andromeda Federal Well #1;
N/2 N/2 of Section 14;
9. Case No. 14211 – Andromeda Federal Well #2;
S/2 N/2 of Section 14;
10. Case No. 14212 – Andromeda Federal Well #3;
N/2 S/2 of Section 14;
11. Case No. 14213 – Hercules Federal Well #1;
S/2 N/2 of Section 15;
12. Case No. 14214 – Hercules Federal Com Well #2;
N/2 N/2 of Section 15;
13. Case No. 14215 – Hercules Federal Com Well #3;
N/2 S/2 of Section 15;
14. Case No. 14216 – Hercules Federal Com Well #4H;
S/2 S/2 of Section 15.

Pre-hearing Statement
NMOCD Case No. 14203 through 14216
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The lands described in the COG Applications are also the subject of competing compulsory pooling applications filed on behalf of Chesapeake Energy Corporation. Chesapeake also seeks the approval of non-standard Wolfcamp formation units for the drilling of its horizontal project area wells as follow:

1. Case No. 14222 – Perseus 10 Federal Com Well #1H;
S/2 S/2 of Section 10;
2. Case No. 14223 – Perseus 10 Federal Com Well #2H;
N/2 S/2 of Section 10;
3. Case No. 14224 - Perseus 10 Federal Com Well #3H;
S/2 N/2 of Section 10;
4. Case No. 14225 - Perseus 10 Federal Com Well #4H;
N/2 N/2 of Section 10;
5. Case No. 14226 – Draco 14 Federal Com Well #1H;
N/2 N/2 of Section 14;
6. Case No. 14227 - Draco 14 Federal Com Well #2H;
S/2 N/2 of Section 14;
7. Case No. 14228 - Draco 14 Federal Com Well #3H;
N/2 S/2 of Section 14;
8. Case No. 14229 – Wrinkle 13 Federal Com Well #1H;
N/2 S/2 of Section 13;
9. Case No. 14230 – Wrinkle 13 Federal Com Well #2H;
S/2 S/2 of Section 13;
10. Case No. 14231 – Wrinkle 13 Federal Com Well #3H;
S/2 N/2 of Section 13.

COG contends that its applications for compulsory pooling and the establishment of the non-standard units should be approved and Chesapeake's denied.

COG has acted with diligence in furthering the development of its prospect in this area. Chesapeake has not and seeks only to delay drilling. COG acted promptly in evaluating area geology, negotiating well locations and SOPA agreements, and obtaining drilling permits. Chesapeake has done none of these things. COG stands ready to drill. Chesapeake does not. In most cases, COG has majority working interest control of the units. Chesapeake does not.

PROPOSED EVIDENCE

APPLICANT

| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|------------------------------------|------------|----------|
| Jan Spradlin, Landman | 2 hours | 75 |
| Jesse Lawson, Petroleum Engineer | 45 minutes | 5 |
| Ted Galowski, Geologist (may call) | 20 minutes | 5 |

OPPOSITION

| WITNESSES | EST. TIME | EXHIBITS |
|-----------|-----------|----------|
|-----------|-----------|----------|

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

COG has filed its Motion To Dismiss seeking the dismissal of the Chesapeake compulsory pooling/non-standard unit applications.



Signature

Certificate of Service by Fax

W. Thomas Kellahin
James Bruce, Esq.
William F. Carr, Esq.

Certificate of Service

I hereby certify that on this 23rd day of October, 2008 a copy of the foregoing was faxed to the following:

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J. Scott Hall

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