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2010 FEB 25 P 2:17

February 25, 2010

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Hand Delivered

**Re: NMOCD Case No. 14426: Application of Cimarex Energy Co. for
Compulsory Pooling and Cancellation of a Permit to Drill Issued to COG Operating
LLC, Eddy County, New Mexico**

Dear Ms. Davidson:

On behalf of COG Operating LLC, enclosed for filing is an original and one
copy of COG's Pre-Hearing Statement in the above case.

I have included an additional copy to conform. Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

:kw

Enclosures

cc: James Bruce, Esq. via facsimile

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REPLY TO:

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

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

2010 FEB 25 P 2:11

APPLICATION OF CIMAREX ENERGY CO. FOR
COMPULSORY POOLING AND CANCELLATION OF
THE DIVISION'S APPROVAL OF AN APPLICATION
FOR PERMIT TO DRILL ISSUED TO COG
OPERATING LLC, EDDY COUNTY, NEW MEXICO

CASE NO. 14426

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by COG Operating LLC as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Cimarex Energy Co.
600 North Marienfeld, Suite 600
Midland, TX 79701

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

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

OPPONENT'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
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STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso Formation underlying the SW4 SW4 of Section 2, Township 17 South, Range 30 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40- acre spacing within that vertical

extent, including the Undesignated Loco Hills Glorieta-Yeso Pool. The unit will be dedicated to the Castor 2 State Well No. 1, to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. Applicant further seeks cancellation of the Division's approval of an application for permit to drill issued to COG Operating LLC for the proposed Yale State Well No. 1, a Glorieta-Yeso test located in the SW4 SW4 of Section 2 (API No. 30-015-37459).

OPPONENT

COG objects to the Cimarex Application. COG contends that Cimarex neither owns nor controls any leasehold or operating rights in the target formation and therefore does not have the right to drill.

PROPOSED EVIDENCE

APPLICANT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|-----------------------------|------------------|-----------------|
| Hayden Tresner (landman) | 15 min. | Approx. 4 |
| Lee Catalano (geologist) | 15 min. | Approx. 4 |
| _____ (engineer) | 15 min. | Approx. 4 |

OPPONENT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|------------------------------|------------------|-----------------|
| Brent Robertson (landman) | 20 min. | Approx. 4 |
| Stuart Dirks (landman) | 20 min. | Approx. 4 |

