

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

**APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NOS. 21219-21220

PRE-HEARING DOCUMENTS

COG Operating LLC (“COG”) and Mewbourne Oil Company (“Mewbourne”) jointly (“the Parties”) submit this statement containing (A) material facts not in dispute and (B) disputed facts and issues:

A. MATERIAL FACTS NOT IN DISPUTE

1. In the above cases, COG seeks an order from the Oil Conservation Division (“Division”) pooling all uncommitted interests in the Wolfcamp formation, Purple Sage-Wolfcamp Gas Pool (Pool code 98220), underlying a standard 960.48-acre, more or less, horizontal spacing unit comprised of all of Sections 6, 7, and 18, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

2. COG Operating LLC seeks an order from the Division pooling the following uncommitted working interest owners in the Wolfcamp formation underlying COG’s proposed horizontal spacing unit: Occidental Permian LP, Oxy Y-1 Company, Devon Energy Production Company LP, and Mewbourne.

3. COG Operating LLC seeks an order from the Division pooling Devon Energy Production Company LP, as an overriding royalty interest owner in the Wolfcamp formation underlying COG’s proposed horizontal spacing unit.

4. COG owns or has an interest in 40.90% of the W/2 of Sections 6, 7, and 18.
5. Mewbourne owns or has an interest in 23.41% of the W/2 of Sections 6, 7, and 18.
6. COG owns or has an interest in 54.87% of the E/2 of Sections 6, 7, and 18.
7. Mewbourne owns or has an interest in 23.34% of the E/2 of Sections 6, 7, and 18.
8. Mewbourne owns 100% of the working interest in the S/2 of Section 6 and an undivided 40% working interest in the N/2 of Section 6.
9. A Chronology of events are as follows:
 - a. Between July 1 and July 17, 2019, Mewbourne and Devon Energy Production Company LP (“Devon”) completed a trade where Mewbourne acquired Devon’s interest in All of Section 6, Township 25 South, Range 28 East.
 - b. Between August 1 and August 5, 2019, COG and Mewbourne completed a trade where COG acquired all of Mewbourne’s interest in the N/2 of Section-6 and the W/2 of Section 7, Township 25 South, Range 28 East.
 - c. The effective date for the COG-Mewbourne trade is June 1, 2019 and the Mewbourne-Devon trade is effective June 1, 2019 as to the S/2 of Section 6 and July 1, 2019 for the N/2 of Section 6.
 - d. On January 23, 2020, COG sent well proposals and AFEs to working interest owners, including Mewbourne, for its Scout wells in Sections 6, 7, and 18.
 - e. COG then filed for compulsory pooling applications on the subject wells March 3, 2020.
 - f. On January 28, 2020, Mewbourne filed permits for its Pothole wells in the Wolfcamp Formation in the S/2 of Section 6, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

g. On June 17, 2020, Mewbourne sent well proposals and AFEs to working interest owners, including COG, for its Devon Fee wells in the N/2 of Section 6 under the existing Joint Operating Agreement.

10. Numerous negotiations have been proposed by COG and Mewbourne; however, the Parties have been unable to reach an agreement concerning the subject acreage.

B. DISPUTED FACTS AND ISSUES

1. Disputed Facts:

2. Issues: The central issue is which Parties' development plan is better suited to protect correlative rights, prevent waste, and is in the best interest of conservation.

Respectfully submitted,

/s/ Ocean Munds-Dry

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