

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

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

Case No. 14558  
Order No. R-7900-C  
De Novo

APPLICATION OF MARBOB ENERGY CORPORATION  
(NOW COG OPERATING LLC) FOR VERTICAL  
EXPANSION OF THE BURCH-KEELY UNIT,  
EDDY COUNTY, NEW MEXICO

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

Case No. 14,577  
Order No. R-10,067-B  
De Novo

APPLICATION OF COG OPERATING, LLC FOR  
VERTICAL EXPANSION OF THE GRAYBURG-  
JACKSON (SEVEN RIVERS-QUEEN-GRAYBURG-  
SAN ANDRES) POOL TO CORRESPOND WITH  
THE UNITIZED FORMATION OF THE BURCH  
KEELY UNIT, EDDY COUNTY, NEW MEXICO

**COG OPERATING LLC PRE-HEARING STATEMENT**

COG Operating LLC (COG), through its counsel Beatty & Wozniak, PC, submits this  
Pre-Hearing Statement in compliance with OCD Rules.

APPEARANCES

APPLICANT

COG Operating LLC

ATTORNEY

Carol Leach

Beatty & Wozniak  
500 Don Gaspar  
Santa Fe, New Mexico 87505  
(505) 983-8901

OPPONENT

ConocoPhillips Company

OPPONENT'S ATTORNEY

Michael Campbell  
Campbell Trial Lane, LLC  
110 N. Guadalupe Street,  
Suite 6  
(505) 820-9959

STATEMENT OF THE CASE

COG Operating LLC (COG) is the applicant in two cases. In Case No. 14558, Marbob Energy Corporation filed the application shortly before it was acquired by COG. In Case No. 14458 COG is seeking an Order to expand the vertical limits of the existing Burch-Keely Unit a few hundred feet to the 5,000 foot mark, which is also the extent of COG's ownership interest. During the hearing, the Oil Conservation Division examiners raised the issue that if the Grayburg Jackson Pool was not extended to match the unit, then COG would need to obtain numerous commingling orders in order to produce from a well perforations in both the then-existing unit and the expansion area. That process would be inefficient for both COG as the operator and OCD in processing numerous requests to commingle production. Therefore, in case No. 14577 COG is seeking an Order to expand the vertical limits of the Grayburg Jackson Pool within the Burch Keely Unit to the same depth, 5,000 feet. In both cases the OCD issued the requested Orders. ConocoPhillips Company appealed both orders to the Commission in a de novo proceeding.

PROPOSED EVIDENCE

APPLICANT

COG is presenting with this Pre-Hearing Statement a notebook of Exhibits. The list of Exhibits is attached. COG preserves its right to add additional exhibits and witnesses, as necessary, for rebuttal purposes.

WITNESSES

ESTIMATED TIME

EXPERTISE

David Evans  
Harvin Broughton  
Ken Craig

45 minutes  
30 minutes  
30 minutes

Landman  
Geologist  
Engineer

PROCEDURAL MATTERS

There are outstanding Motions to be resolved:

Motion for a Partial Stay

Motion to Limit Testimony and Argument

Motion to Consolidate Cases for Hearing

*Motion for Postponement*

*By  
CJL/23/2011*

Respectfully submitted this 23d day of June, 2011.

Beatty & Wozniak, P.C.



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ATTORNEYS FOR COG OPERATING LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 23d day of June, 2011, I sent notice of this filing to counsel of record in this proceeding.



Carol Leach

## Exhibits

### For OCC Hearing for Expansion of Burch Keely (BK)Unit and Grayburg Jackson (GJ)Pool

#### Number

- |            |   |
|------------|---|
| Exhibit 1  | Applications for Expansion  |
| Exhibit 2  | OCD Orders for Expansion  |
| Exhibit 3  | Surface map of BK Unit  |
| Exhibit 4  | Acquisition of Marbob assets  |
| Exhibit 5  | Marbob purchase from Phillips   |
| Exhibit 6  | BK Unit Orders  |
| Exhibit 7  | BK Unit Agreement   |
| Exhibit 8  | BLM approval in 1994 to expand the BK Unit 500 feet into the Paddock  |
| Exhibit 9  | BLM approvals of current expansion of the BK Unit   |
| Exhibit 10 | OCD Nomenclature Orders extending the Grayburg Jackson pool 500 feet into the Paddock within the BK Unit area |
| Exhibit 11 | OCC Pool Orders   |
| Exhibit 12 | Marbob/Concho notice package  |
| Exhibit 13 | Attorney Affidavit regarding notice in BK Unit case   |
| Exhibit 14 | Attorney Affidavits in GJ Pool case only  |
| Exhibit 15 | Type Log Yeso Shelf Area  |
| Exhibit 16 | Heterogeneous Reservoir   |
| Exhibit 17 | Structure Map with wells  |
| Exhibit 18 | Cross-section from west to east   |
| Exhibit 19 | Cross-section with proposed buffer  |
| Exhibit 20 | BK Unit Expansion Development Plans   |
| Exhibit 21 | BK Unit Expansion Economics   |