

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

**APPLICATION OF COG OPERATING LLC FOR APPROVAL
OF A 640-ACRE NON-STANDARD PROJECT AREA COMPRISED
OF ACREAGE SUBJECT TO A PROPOSED STATE COMMUNITIZATION
AGREEMENT, LEA COUNTY, NEW MEXICO.**

CASE NO. 15310

COG's PRE-HEARING STATEMENT

COG Operating LLC, the applicant in the above referenced matters, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

COG Operating LLC
550 W. Texas Avenue, Suite 100
Midland, Texas 79701

ATTORNEY

Michael H. Feldewert, Esq.
Jordan L. Kessler, Esq.
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

RECEIVED OCD
2015 MAY 21 P 4:38

APPLICANT'S STATEMENT OF CASE

COG Operating LLC ("COG") seeks an order approving a 640-acre non-standard project area comprised of acreage subject to a proposed state Communitization Agreement covering all of Section 27, Township 21 South, Range 33 East, NMPM Lea County, New Mexico. COG has drilled or is in the process of drilling three wells in Section 27: The Pygmy 27 State 1H (API 30-025-403523), currently dedicated to the W/2 W/2 of Section 27; the Pygmy 27 State 2H (API 30-025-42062), currently dedicated to the E/2 W/2 of Section 27; and the Pygmy 27 State 3H (API 30-025-42068), currently dedicated to the W/2 E/2 of Section 27. COG also has plans to drill the

Pygmy 27 State 4H (API 30-025-42069) in the E/2 E/2 of Section 27. All of these wells have been placed in the WC-025 G-06 S213323D; Bone Spring Pool (Pool Code 97929) which is subject to the Division's general statewide rules for oil development. COG seeks to minimize the surface disturbance by consolidating the facilities for the Section 27 wells at a single location. The New Mexico State Land Office has informed COG it will approve a single Communitization Agreement covering all of Section 27, but that for administrative purposes the wells drilled in Section 27 must be dedicated to the entire Section. In order to dedicate the existing and future wells in Section 27 to the acreage subject to the proposed 640-acre Communitization Agreement, COG requires approval from the Division to treat Section 27 as a single project area.

Division Rule 19.15.16.7.L recognizes a state exploratory unit and a participating area within a federal unit as an approved "project area" for purposes of efficient horizontal well development, but does not currently recognize a communitized area as a "project area" for horizontal well development. Approval of the proposed 640-acre communitized area as a single project area is consistent with the intent of a "project area" expressed in Rule 19.15.16.7.L(2) and will allow COG to efficiently locate surface facilities and minimize surface disturbances in a manner similar to that allowed for state exploratory units and participating areas in federal units.

APPLICANT'S PROPOSED EVIDENCE

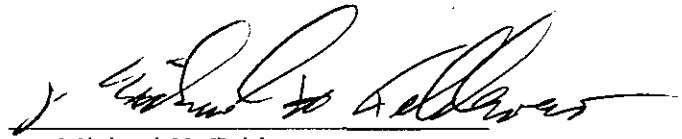
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jon-Aaron House -- Landman	Approx. 10	Approx. 5
Allison Stumpf -- Geologist	Approx. 10	Approx. 4

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP

A handwritten signature in black ink, appearing to read "Michael H. Feldewert", written over a horizontal line.

Michael H. Feldewert

Jordan L. Kessler

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

jlkessler@hollandhart.com

ATTORNEYS FOR COG OPERATING LLC.