

2016 APR -7 P 2: 19

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

IN THE MATTER OF THE APPLICATION OF
COG OPERATING LLC FOR A NON-STANDARD SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. 15482

PRE-HEARING STATEMENT

NEARBURG EXPLORATION COMPANY, SRO2 LLC AND SRO3 LLC ("NEX"),
provide this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

NEARBURG EXPLORATION
COMPANY, SRO2 LLC AND SRO3
LLC

NEARBURG EXPLORATION COMPANY,
SRO2 LLC AND SRO3 LLC's ATTORNEYS

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COG OPERATING LLC

COG OPERATING LLC's ATTORNEYS
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STATEMENT OF THE CASE

Applicants seek an order (1) creating a non-standard, 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 17 and the E/2 W/2 of Section 20, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage.

NEX contends that COG did not have the right to permit or drill the subject well onto NEX's unconsolidated and unpooled lease acreage in the W/2 of Section 20. This case and Case No. 15481 are related to Case No. 15441. Please refer to NEX's Pre-Hearing Statement in Case No. 15441.

PROPOSED EVIDENCE

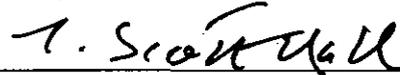
<u>NEX'S WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Randy Howard, Landman	2 ½ hrs.	32
Michael Griffin, Petroleum Engineer	20 min.	5

PROCEDURAL MATTERS

Cases 15481 and 15482 should be consolidated with Case No. 15441 and scheduled for a special hearing date. It is estimated that a full day will be required for the hearing.

NEX's Motion to Compel in Case No. 15441 remains pending and requires action. The Motion to Compel will be further addressed in separate correspondence to the Examiners.

Respectfully submitted,



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**ATTORNEYS FOR NEARBURG
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SRO2 LLC and SRO3 LLC**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on April 7, 2016:

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