

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

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

MAY 02 2018 PM03:18

CASE NO. 16117

COG's PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

ATTORNEY

Michael H. Feldewert, Esq.
Adam G. Rankin, Esq.
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
Attorneys for COG Operating LLC

OPPONENT

Marathon Oil Permian LLC

ATTORNEY

Earl E. DeBrine, Jr.
Jennifer L. Bradfute
P.O. Box 2168
Bank of America Centre
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
(505) 848-1800
Attorneys for Marathon Oil Permian LLC

OPPONENT'S STATEMENT OF CASE

COG seeks an order creating a 640-acre, more or less, spacing and proration unit comprised of the W/2 of Section 5 and the W/2 of Section 8, Township 26 South, Range 29 East, NMPM,

Eddy County, New Mexico, and pooling all uncommitted interests in the Wolfcamp formation. COG proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Hambone Federal Com 25H Well**, which will be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 8 to a standard bottom hole location in the NE/4 NW/4 (Lot 3) of Section 5. The proposed well is part of COG's plan to develop the Wolfcamp and Bone Spring formation in Sections 5 and 8 using two-mile horizontal wells.

In contrast to COG's proposed development, Marathon's plan for the area is contrary to the interests of conservation, will result in waste, and will impair COG's correlative rights. Marathon's proposed laydown wells in the S/2 of Section 5 contradicts the existing standup horizontal well development pattern in the area and runs the risk of stranding acreage. Moreover, Marathon's one-mile well plan is less efficient than COG's proposed two-mile laterals. COG's competing well proposals will more efficiently and economically develop the reserves underlying Section 5.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Ashley Roush – Landman	Approx. 20	Approx. 4
Matt Fisher – Geologist	Approx. 20	Approx. 5
Eric Angelos – Reservoir Engineer	Approx. 20	Approx. 5

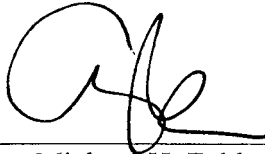
PROCEDURAL MATTERS

Concurrently herewith, COG has filed a pooling application for competing well proposals in the Wolfcamp formation in the E/2 of Section 5 and the E/2 of Section 8, which will not be ripe for pooling until the May 31, 2018 docket. COG has also filed competing pooling applications for

two-mile Bone Spring horizontal wells in Sections 5 and 8. Those applications also will not be ripe for hearing until the May 31, 2018, docket. COG is, therefore, requesting a continuance of Marathon's Case Nos. 16050 and 16051 until the May 31, 2018 docket so all competing pooling applications can be heard and considered at one time.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam G. Rankin
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
AGRankin@hollandhart.com

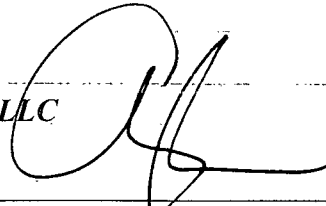
ATTORNEYS FOR COG OPERATING LLC

CERTIFICATE OF SERVICE

I hereby certify that on May 2, 2018, I filed with the Division clerk the foregoing document served a copy to the following counsel of record via Electronic Mail:

Earl E. DeBrine
Jennifer Bradfute
Modrall Sperling
P.O. Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Email: earl.debrine@modrall.com
Email: jlb@modrall.com

Attorneys for Marathon Oil Permian, LLC



Adam G. Rankin