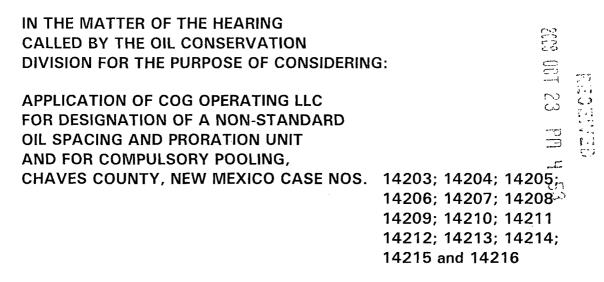
STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION



PRE-HEARING STATEMENT

This prehearing statement is submitted by COG Operating LLC as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

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COG Operating LLC 550 W. Texas Ave., Suite 1300 Tower II Midland, Texas 79701

OPPOSITION OR OTHER PARTY

Chesapeake Energy Corporation 6100 North Western Ave Oklahoma City, OK 73118 (405) 848-8000

name, address, phone and contact person

ATTORNEY

J. Scott Hall, Esq. Montgomery and Andrews 325 Paseo de Peralta Santa Fe, New Mexico 87501 982-3873

ATTORNEY

W. Thomas Kellahin, Esq. 706 Gonzales Road Santa Fe, New Mexico (505) 982-4285

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STATEMENT OF CASE

APPLICANT

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COG Operating LLC seeks (1) the Division's approval of the creation of 160-acre non-standard Wolfcamp formation proration units, and (2) the forced-pooling of un-joined interests for the drilling of horizontal project area wells on the following lands, all in T15S, R31E:

- Case No. 14203 Taurus Federal Well #1; S/2 S/2 of Section 10;
- Case No. 14204 Taurus State Com Well #2; N/2 S/2 of Section 10;
- Case No. 14205 Taurus State Com Well #3; S/2 N/2 of Section 10;
- Case No. 14206 Taurus State Com Well #4; N/2 N/2 of Section 10;
- Case No. 14207 Orion Federal Com Well #1H; S/2 N/2 of Section 13;
- Case No. 14208 Orion Federal Well #2; N/2 S/2 of Section 13;
- Case No. 14209 Orion Federal Com Well #3; S/2 S/2 of Section 13;
- Case No. 14210 Andromeda Federal Well #1; N/2 N/2 of Section 14;
- Case No. 14211 Andromeda Federal Well #2; S/2 N/2 of Section 14;
- Case No. 14212 Andromeda Federal Well #3; N/2 S/2 of Section 14;
- Case No. 14213 Hercules Federal Well #1; S/2 N/2 of Section 15;
- 12. Case No. 14214 Hercules Federal Com Well #2; N/2 N/2 of Section 15;
- Case No. 14215 Hercules Federal Com Well #3; N/2 S/2 of Section 15;
- 14. Case No. 14216 Hercules Federal Com Well #4H; S/2 S/2 of Section 15.

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The lands described in the COG Applications are also the subject of competing compulsory pooling applications filed on behalf of Chesapeake Energy Corporation. Chesapeake also seeks the approval of non-standard Wolfcamp formation units for the drilling of its horizontal project area wells as follow:

- Case No. 14222 Perseus 10 Federal Com Well #1H; S/2 S/2 of Section 10;
- Case No. 14223 Perseus 10 Federal Com Well #2H; N/2 S/2 of Section 10;
- Case No. 14224 Perseus 10 Federal Com Well #3H; S/2 N/2 of Section 10;
- Case No. 14225 Perseus 10 Federal Com Well #4H; N/2 N/2 of Section 10;
- Case No. 14226 Draco 14 Federal Com Well #1H; N/2 N/2 of Section 14;
- Case No. 14227 Draco 14 Federal Com Well #2H; S/2 N/2 of Section 14;
- Case No. 14228 Draco 14 Federal Com Well #3H; N/2 S/2 of Section 14;
- Case No. 14229 Wrinkle 13 Federal Com Well #1H; N/2 S/2 of Section 13;
- Case No. 14230 Wrinkle 13 Federal Com Well #2H; S/2 S/2 of Section 13;
- 10. Case No. 14231 Wrinkle 13 Federal Com Well #3H; S/2 N/2 of Section 13.

COG contends that its applications for compulsory pooling and the establishment of the non-standard units should be approved and Chesapeake's denied.

COG has acted with diligence in furthering the development of its prospect in this area. Chesapeake has not and seeks only to delay drilling. COG acted promptly in evaluating area geology, negotiating well locations and SOPA agreements, and obtaining drilling permits. Chesapeake has done none of these things. COG stands ready to drill. Chesapeake does not. In most cases, COG has majority working interest control of the units. Chesapeake does not.

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PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Jan Spradlin, Landman	2 hours	75
Jesse Lawson, Petroleum Engineer	45 minutes	5
Ted Galowski, Geologist (may call)	20 minutes	5
OPPOSITION		

OPPOSITION

WITNESSES

EST. TIME EXHIBITS

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to the hearing)

COG has filed its Motion To Dismiss seeking the dismissal of the Chesapeake compulsory pooling/non-standard unit applications.

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Signature

Certificate of Service by Fax W. Thomas Kellahin James Bruce, Esq. William F. Carr, Esq.

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Certificate of Service

I hereby certify that on this 23rd day of October, 2008 a copy of the foregoing was faxed to the following:

Kellahin & Kellahin 706 Gonzales Road Santa Fe, NM 87501 982-2047 - fax

'n

W. Thomas Kellahin, Esq. William F. Carr, Esq. Holland & Hart, LLP P. O. Box 2208 Santa Fe, NM 87504 983-6043 - fax

James G. Bruce, Esq. Attorney at Law P.O. Box 1056 Santa Fe, NM 87504 982-2151 - fax

and hand delivered to:

David Brooks, Esq. New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505

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J. Scott Hall