

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF COG OPERATING, LLC FOR CANCELLATION OF
OPERATOR'S AUTHORITY AND TERMINATION OF SPACING UNITS, YESO
ENERGY, INC. DOW "B" 28 FED. WELL NO. 1, EDDY COUNTY, NEW MEXICO.

CASE NO. 14,472
De Novo

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH
THE COMPLIANCE AND ENFORCEMENT MANAGER, FOR AN
ORDER AUTHORIZING THE DIVISION TO RECOGNIZE AN OPERATOR
OF RECORD FOR WELLS CURRENTLY OPERATED BY YESO ENERGY, INC.; LEA, EDDY
AND CHAVES COUNTIES, NEW MEXICO.

CASE NO. 14,547

SECOND AMENDED
PRE-HEARING STATEMENT
OF THE OIL CONSERVATION

The Oil Conservation Division (OCD) amends its pre-hearing statements in Cases 14,472 and 14,547 to add the following:

STATEMENT OF THE CASE

These two cases require the Oil Conservation Commission (OCC) to determine which operator should be recognized as the "operator of record" for three wells. To make this determination, the OCC must review the process set out in its rules for recognizing the "operator of record," interpret the language in two orders (R-12930-B and R-13294), and sort through a complicated set of facts involving multiple parties.

To assist the OCC in this task, the OCD has set out its legal position in the form of a draft order, which it is submitting with this pre-hearing statement as OCD Ex. 26. The OCD is also

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submitting the pre-filed written testimony of Daniel Sanchez, that sets out the factual basis for the OCD's case.

RESPONDENT'S PROPOSED EVIDENCE

WITNESSES:

ESTIMATED TIME:

Daniel Sanchez, OCD Compliance and Enforcement Manager 20 minutes

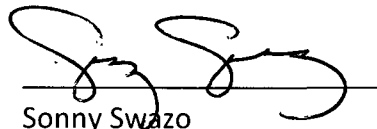
EXHIBITS:

The OCD has attached two additional exhibits that it may seek to introduce at the hearing in these cases: OCD Ex. 26 and OCD Ex. 27.

PROCEDURAL MATTERS

The OCD will seek to introduce OCD Ex. 27, the pre-filed written testimony of Daniel Sanchez. Mr. Sanchez will be present at the hearing to adopt his testimony under oath, and be available for cross-examination.

Respectfully submitted
this 22nd day of June 2011 by



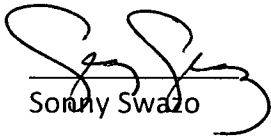
Sonny Swazo
Oil Conservation Division, EMNRD

CERTIFICATE OF SERVICE

I hereby certify that on June 22nd 2011 a copy of this pleading and OCD's additional proposed exhibits were e-mailed to:

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