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

IN THE MATTER OF THE APPLICATION OF COG OPERATING LLC FOR VERTICAL EXTENSION OF THE GRAYBURG-JACKSON (SEVEN RIVERS-QUEEN-GRAYBURG-SAN ANDRES) POOL TO CORRESPOND WITH THE UNITIZED FORAMTION OF THE BURCH-KELLY UNIT, EDDY COUNTY, NEW MEXICO

> CASE NO. 14577 R-10067-B (de novo)

### AFFIDAVIT OF ERNEST L. PADILLA

STATE OF NEW MEXICO	}
	}
COUNTY OF SANTA FE	}

Affiant, Ernest L. Padilla, first being duly sworn upon oath, states:

- 1. I am competent to make this affidavit.
- 2. I was attorney of record for COG Operating, LLC, in the captioned proceeding before an examiner of the Oil Conservation Division (Division) resulting in issuance of Division Order R-10067-B.
- 3. At the Division hearing I presented the Affidavit of Service prepared by J. Scott Hall, Esq. of Montgomery & Andrew, P.A., who filed the application on behalf of COG Operating, LLC and sought to send notice, in accordance with the procedural requirements of the Division, to all interest owners and operators affected by the application.
- 4. At the hearing, I requested and was granted leave to supplement the record with U.S. Postal Service return receipts sent by Mr. Hall to Anadarko Petroleum Corp. and Tandem Energy Corp.
- 5. The Tandem Energy Corp. return receipt was not later received by Mr. Hall, nor could delivery of the Tandem Energy notice at its last known address in Midland, Texas, be effected.
- 6. Through efforts of David Evans of COG Operating LLC and my prior efforts to locate Tandem Energy Corp. in Midland in an other unrelated Division case, we

discovered that Tandem Energy Corp. had been merged with Platinum Energy Resources in Houston, Texas.

- 7. I then initiated contact, both telephonically and email, with Stephen Fuerst and T. Nguwen concerning the purpose of the hearing. Through email I sent them a copy of the application and the pre-hearing statement prepared by Mr. Hall. I also forwarded to them, through email, their request for information on the location of Platinum Energy Resources' closest well. Copies of pertinent email communications with Mr. Fuerst and Mr. Nguwen and myself are attached hereto.
- 8. At some point in the dialogue between Mr. Fuerst and Mr. Nguwen and me I recommended to COG Operating LLC that Mr. Ramon Reyes, the geologist employed by COG Operating, LLC, to directly communicate with Mr. Nguwen with regard to any further specific concerns that Platinum Energy Resources may have had. To my knowledge there was direct communication between Mr. Reyes and Mr. Nguwen.
- 9. To my knowledge and information, Platinum Energy Resources, Inc. did not file an objection to the application, nor did Mr. Fuerst and Mr. Nguwen express an objection to me. It is my further opinion that Mr. Fuerst and Mr. Nguwen fully understood the purpose and intent of the application.

FURTHER AFFIANT SAYETH NAUGHT.

ERNEST L. PADILLA

am B. Gallens

SWORN TO AND SUBCRIBED to before me this 21st day of June, 2011, by

Ernest L. Padilla.

Notary Public

My Commission Expires:

#### Ernest Padilla

From:

Ernest Padilla [epadillaplf@qwestoffice.net]

Sent:

Tuesday, January 25, 2011 1:18 PM

To:

'sfuerst@platenergy.com'; 'tnguwen@platenergy.com'

Cc:

'David Evans'; 'J. Scott Hall'

Subject:

NM Oil Conservation Division Case No. 14577

Attachments: 001 Application of COG for vertical extension filed 111610 (00234364).pdf; Pre-Hearing

Statement by COG filed 120810 (00238232).pdf

#### Gentlemen:

Attached are the application and pre-hearing statement that I mentioned during our earlier telephone conversation. Briefly, the application calls for the vertical extension of the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool to correspond with the horizontal and vertical extent of the Burch-Keeley Unit in Eddy County, NM, operated by COG Operating. The application and the prehearing statement are self-explanatory as to the purpose of the application. The 5000-feet of vertical depth is based on ownership (rather than geologic features) which was severed by Conoco, quite some time ago, thus creating an allocation of production problem should the pool be extended beyond 5000 feet. Conoco owns the rights below 5000 feet.

As I explained during our conversation, an attempt to notify Tandem Energy, an offset operator or owner, of a January 6, 2011 hearing was ineffective due to the fact that Tandem has merged with Platinum and is no longer in Midland. At the hearing we disclosed that the certified mailing to Tandem had been ineffective, therefore, my purpose in contacting you is to seek a waiver of the application and hearing. This would eliminate the necessity of having to continue the hearing and send notice by certified mail of the hearing of at least 20 days.

In the meantime I have asked COG Operating for information concerning your nearest well or interests. As soon as I get that I will forward it to you.

Please let me know if you have any questions.

Ernest L. Padilla PADILLA LAW FIRM, P.A. P.O. Box 2523 Santa Fe, New Mexico 87504-2523 T: 505-988-7577

F: 505-988-7592

E: epadillaplf@qwestoffice.net; (office) padillalaw@qwestoffice.net

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#### **Ernest Padilla**

From:

Ernest Padilla [epadillaplf@qwestoffice.net]

Sent:

Tuesday, January 25, 2011 4:01 PM

To:

'sfuerst@platenergy.com'; 'tnguyen@platenergy.com'

Cc:

'David Evans': 'J. Scott Hall'

Subject:

FW: NM Oil Conservation Division Case No. 14577

Attachments: 001 Application of COG for vertical extension filed 111610 (00234364).pdf; ATT00001..htm

Gentlemen:

I am forwarding an email to me from COG Operating indicating that the closest Tandem Energy well is the Square Lake 12 Fed Unit in Section 12, T17S, R29E in answer to your question. Let me know if you have any questions. Thanks.

Ernest L. Padilla PADILLA LAW FIRM, P.A. P.O. Box 2523 Santa Fe, New Mexico 87504-2523 T: 505-988-7577 F: 505-988-7592

E: epadillaplf@qwestoffice.net

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From: Stuart Dirks [mailto:SDirks@conchoresources.com]

Sent: Tuesday, January 25, 2011 3:18 PM

To: epadillaplf@qwestoffice.net

Cc: SHall@montand.com; David Evans

Subject: FW: NM Oil Conservation Division Case No. 14577

Mr. Padilla-

The closest operations of Tandem Energy is the Square Lake 12 Fed Unit, it is contiguous to the Burch Keely Unit in Section 12. The serial register page shows this unit as 100% Tandem Energy.

Thanks, Stuart

#### **COG OPERATING LLC**

Stuart A. Dirks, CPL, CDOA Senior Landman 550 W. Texas Avenue, Suite 100

# 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 VERTICAL EXTENSION OF THE GRAYBURG-JACKSON (SEVEN RIVERS-QUEEN-GRAYBURG-SAN ANDRES) POOL TO CORRESPOND WITH THE UNITIZED FORMATION OF THE BURCH-KEELY UNIT, EDDY COUNTY, NEW MEXICO

**CASE NO. 14577** 

### SUPPLEMENTAL AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO	)	
	)	SS
COUNTY OF SANTA FE	)	

J. SCOTT HALL, attorney and authorized representative of COG Operating LLC, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 19.15.4.12 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good-faith, diligent effort to find the correct addresses of all interested persons entitled to receive notice, as shown by Exhibit "A" attached hereto, and that pursuant to Rule 19.15.4.12, notice has been given at the correct addresses or last known addresses provided by such rule.

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J. SCOTT HALL

SUBSCRIBED AND SWORN to before me this 6th day of January, 2011.

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My Commission Expires: /-//-/5

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#### **EXHIBIT A**

Anadarko Petroleum Corp. 1201 Lake Robbins Drive The Woodlands, TX 77380

Burnett Oil Co., Inc. 801 Cherry St. Unit 9 Fort Worth, EX 76102

CBS Operating Corporation P.O. Box 2236 Midland, TX 79702

Cimarex Energy Company 600 N. Marienfeld, Suite 600 Midland, TX 79701

Conoco Philips Co. 3300 N. A Street, Bldg 5 Midland, TX 79705

EnerVest Operating LLC 1001/Fannin St., Suite 800 Houston, TX 77002

EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702

Lobos Energy Partners 3817 NW Expressway Suite 950 Oklahoma City, OK 73112

Pioneer Natural Resources USA Inx. P.O. Box 3178 Midland, TX 79702

Mr. Don Peterson Assistant Field Manager Bureau of Land Management 620 E. Greene Carlsbad NM 88220-6292

## **EXHIBIT A (Cont.)**

Southern Bay Energy LLC 110 Cypress Station Dr., #220 Houston, TX 77090

Southwest Royalties, Inc. C/o Clayton Williams Energy, Inc. 6 Desta Drive, Suite 3000 Midland, TX 79705

Tandem Energy Corp. 200 N. Loraine Street, Ste 400 Midland, TX 79701

Hunt Oil Company 1445 Ross Avenue, Suite 1400 Dallas, TX 75202-2703