

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

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**APPLICATION OF BURNETT OIL CO., INC.
FOR A NON-STANDARD SPACING
AND PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 15404

PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by Ard Oil, Ltd. and Ard Energy Group, Ltd. by and through its undersigned counsel, Ernest L. Padilla, PADILLA LAW FIRM, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT:

Burnett Oil Co., Inc.

ATTORNEY:

James Bruce
Attorney at Law
PO Box 1056
Santa Fe, NM 87504
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OPPOSITION OR OTHER PARTY:

Ard Oil, Ltd. and
Ard Energy Group, Ltd.

ATTORNEY:

Ernest L. Padilla
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STATEMENT OF CASE

APPLICANT:

Applicant proposes to drill its Nosier 12 Fed. DB Well No. 4H to a depth sufficient to test the Glorieta-Yeso formation (Fren Glorieta-Yeso Pool). Applicant seeks to dedicate the NW4/NE/4 and N/2NW/4 of Section 12 to the well to form a 120 acre non-standard unit in the Glorieta-Yeso formation (project area) for all pools developed on 40 acre spacing within that vertical extent. The well is a horizontal well, with a surface location in the NE4/NE/4 of adjoining Section 11, a first take point at an orthodox location in the NW/4NW/4 of Section 12, and a terminus at an orthodox location in the NW4/NE/4 of Section 12.

OPPOSITION OR OTHER PARTY:

1) Ard Oil, Ltd. and
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PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPOSITION

Applicant has failed to negotiate in good faith to join the Ard interests in the proposed well. The Ard entities, through Houston Kaufman, their land man, has attempted to negotiate with the Applicant but has been informed that due to contractual relations by and among the Applicant and other interest owners, including COG Operating, Inc., Applicant is precluded from negotiating with the Ard entities. COG Operating, Inc., has apparently invoked the contractual relationship which precludes Applicant to make any offer to the Ard entities. This arrangement effectively is a restraint of trade and a restraint of alienation which materially affects the Ard entities because it undermines the value of its working interests. Furthermore, because of the apparent COG Operating, Inc. position, COG Operating, Inc. is an indispensable party to this compulsory pooling proceeding.

WITNESSES

EST. TIME

EXHIBITS

Houston Kaufman

20 minutes

Joint Operating Agreement
dated January 20, 2012
Email correspondence

PROCEDURAL MATTERS

None.

Respectfully submitted,

PADILLA LAW FIRM, P.A.

/s/ ERNEST L. PADILLA
ERNEST L. PADILLA
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CERTIFICATE OF SERVICE

I hereby certify that the foregoing was electronically transmitted on this 5th day of November, 2015 to the following:

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/s/ ERNEST L. PADILLA
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