

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

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**APPLICATION OF ARD ENERGY, LLC TO REOPEN CASE NO. 15185 PURSUANT  
TO THE PROVISIONS OF ORDER NO. R-13913 FOR THE PURPOSE OF  
DETERMINING REASONABLE WELL  
COSTS, LEA COUNTY, NEW MEXICO.**

**CASE NO. 15185 (REOPENED)**

**PRE-HEARING STATEMENT**

This Pre-hearing Statement is submitted by Ard Energy LLC 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:**

Ard Energy LLC

**ATTORNEY:**

Ernest L. Padilla  
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**OPPOSITION OR OTHER PARTY:**

COG Operating, LLC

**ATTORNEY:**

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## **STATEMENT OF CASE**

### **APPLICANT:**

By application for compulsory pooling in OCD Case No. 15185, COG Operating LLC (COG) sought and obtained an order pooling all uncommitted interests in the W/2W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, within the West Marjamar-Yeso Pool (Pool Code 44500), and as a result drilled the Ivar The Boneless Federal Well No. 11H (the Well).

Applicant participated in drilling the Well under the compulsory pooling order, which, after completion of the Well, required COG to submit actual drilling and completion costs to Applicant and the Division. Only after requesting from COG an itemized schedule of actual well costs did Applicant receive a summary of actual well costs, which showed, among other things, inappropriate allocation to the Well costs attributable to other oil and gas wells drilled by COG.

Applicant contends that the costs of drilling and completing the Well exceeds reasonable well costs based on such factors as (1) COG's own AFE submitted at the compulsory pooling hearing; (b) the cost of drilling similar wells in the area; and, (c) declining industry drilling costs at the time that the Well was drilled.

### **OPPOSITION OR OTHER PARTY:**

Unknown.

## **PROPOSED EVIDENCE**

### **APPLICANT**

WITNESSES	EST. TIME	EXHIBITS
Steve Morris, P.E.	1 hr.	AFE

Spreadsheets showing cost differentials between COG's actual well costs and Applicant's assessment of reasonable well costs

Ron Grappe, Applicant Representative      20 min.

Spreadsheets of cost differentials

**OPPOSITION**

Unknown

**WITNESSES**

**EST. TIME**

**EXHIBITS**

**PROCEDURAL MATTERS**

None.

Respectfully submitted,

PADILLA LAW FIRM, P.A.

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

I hereby certify that the foregoing was electronically transmitted on this 28<sup>th</sup> day of July 2016 to the following:

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