

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF THE OIL CONSERVATION  
DIVISION FOR A COMPLIANCE ORDER

Case No. 14008

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PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by YESO ENERGY, INC., by and through its undersigned counsel, Ernest L. Padilla, Padilla Law Firm, P.A. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

ATTORNEY

APPLICANT:

OIL CONSERVATION DIVISION

Mikal M. Altomare, Esq.  
Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe, NM 87505  
(505) 476-3451  
FAX: 476-3480

OPPOSITON OR OTHER PARTY:

YESO ENERGY, INC.

Ernest L. Padilla  
Padilla Law Firm, P.A.  
Post Office Box 2523  
Santa Fe, New Mexico 87504  
(505) 988-7577  
FAX: 988-7592

**STATEMENT OF CASE**

**APPLICANT:**

**OPPOSITION OR OTHER PARTY:**

Yeso Energy, Inc. (Yeso) takes the position it never has been the operator of 24 oil and gas wells which are the subject of the compliance action against Yeso. It is aware that there exist Change of Operator C-104As in the well files from Whiting Oil and Gas Corporation into Yeso for the subject wells. Yeso, or its president, H.E. Gene Lee, have never operated or otherwise dealt in any manner with Whiting Oil and Gas Corporation, and certainly denies having executed the C-104As. While it is true that Yeso Energy, through its president, executed a C-145, Change of Operator form to Kerns Petroleum, Inc., it did so only on the advice of the Oil Conservation Division to cure an OGRID defect to show Kerns Petroleum, Inc. as the operator of the wells. Yeso or its president have never dealt with Kerns Petroleum, Inc. in any manner. Yeso has never produced or operated the subject wells for itself or for any person or corporate entity. Yeso has traced the record title to the oil and gas leases under which the wells were drilled and located, and has determined that the title to relevant ownership of title was from Whiting Oil and Gas Corporation to AleAnna Resources, LLC, to Kerns Petroleum Inc. Yeso did not operate the wells for AleAnna Resources. H. E. Gene Lee will testify at hearing that, through his oil and gas consulting firm, Lee Consulting, he has referred well mechanical work relating to AleAnna Resources to Richard Quintana, who actually performed and billed AleAnna Resources for his work on some of the wells. Further, Yeso has never performed pumping or production services for AleAnna Resources or any interest owner in the chain of title to the oil and gas leases.

**PROPOSED EVIDENCE**

**APPLICANT**

WITNESSES	EST. TIME	EXHIBITS
Unknown		

**OPPOSITION**

WITNESSES	EST. TIME	EXHIBITS
H.E. Gene Lee	30 minutes	Title Data
Richard Quintana	10 minutes	None

**PROCEDURAL MATTERS**

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

None

PADILLA LAW FIRM, P.A.



ERNEST L. PADILLA

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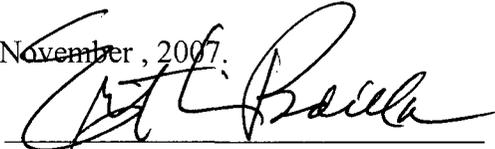
(505) 988-7577

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a copy of this Pre-Hearing Statement to be served upon

Mikal M. Atomare, Esq.  
Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe, New Mexico 87505

and by facsimile at (505) 476-3460 this 26<sup>th</sup> day of November, 2007.



ERNEST L. PADILLA