



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL

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Reply To: Santa Fe Office

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2010 MAY 19 P 3:26

May 19, 2010

Received after hearing

Mr. Terry Warnell
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

HAND DELIVERED

Re: NMOCD Case No. 14472: in the Matter of the Application of COG Operating, LLC for Cancellation of Operator's Authority and Termination of Spacing Units, Yeso Energy, Inc. Dow "B" 28 Federal Well No. 1, Eddy County, New Mexico

Dear Mr. Warnell:

We appreciate Mr. Bruce providing us with a copy of the IBLA decision in *Penroc Oil Corp. et al.* with which we are familiar. *Penroc Oil* is distinguishable here for the following reasons:

*Unlike the operator in *Penroc Oil Corp.*, Yeso Energy, Inc. is not an operator in good-standing. It's authority to transport or inject was revoked by the Division in Order No. R-12930. Yeso Energy, Inc. did not appeal that revocation. Neither did it appeal Order No. R-12930-A nor Order No. R-12930-B. This most recent order determined that the Yeso wells were to be abandoned and plugged. These orders are binding on Yeso Energy, and its efforts to circumvent them now are an impermissible collateral attack on the Division's orders.

*COG Operating LLC is not asking the Division to grant or transfer any titular interest to the well. The determination of the right to use the well is within the province of the BLM. Notably, the BLM has recently rejected the effort of Yeso Energy to re-enter and recomplete the Dow "B" 28 Federal Well No. 1. (See enclosed copy of the sundry notice from the Division's well file.)

Very truly yours,

J. Scott Hall

J. Scott Hall

REPLY TO:

325 Paseo de Peralta
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Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
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JSH:kw

Enclosures

cc: James Bruce, Esq.
Phil Brewer, Esq.
Gail MacQuesten, Esq.
David Brooks, Esq.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOV 13 2009

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1 Type of Well ☐ Oil Well ☒ Gas Well ☐ Other

2 Name of Operator Yeso Energy Inc.

3a Address
P.O. Box 2248 Roswell, NM 882023b Phone No (include area code)
575-622-7355

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)

1028' FSL & 1227' FEL
Sec. 28-T17S-R31E5 Lease Serial No
LC-029420-B

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No

8 Well Name and No
Dow "B" 28 Federal #19 API Well No
30-015-2867610 Field and Pool, or Exploratory Area
Wildcat--Cedar Lake Mississippian

11 County or Parish, State

Eddy County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

- 13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The Dow "B" 28 Fed #1 is currently completed in the Wildcat Cedar Lake Mississippian and Cedar Lake Morrow pools. Operator proposes to permanently plug back the Mississippian (12,118'--12,180') and the Morrow (11,764'--11,792') and perforate the Wolfcamp formation from a depth of 8584'--9580' overall. The plug back will be performed as follows:

Set blanking plug in packer at 12,024'. Test plug to 5000 psi. Pull tubing out of hole. Dump 35' cement on top of packer w/ blanking plug.

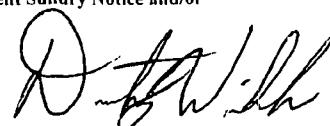
Set CIBP at 11,750'. Cap with 35' cement on top of CIBP to cover Morrow perforations. (No other perfs currently exist above this point.)

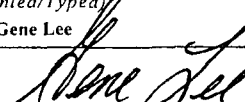
Set CIBP at 11,100'. Cap with 35' cement on top of CIBP to cover Atoka.

Set CIBP at 9,760'. Cap with 35' cement on top of CIBP to cover top of Penn (Cisco) (per NMOCD tops)

Test 5.5" casing to 2500 psi. Chart pressure test to insure casing integrity of 5.5" casing from 9760' to surface.

Perforate Wolfcamp from 8584'--9580' and test for commercial production. Results of test to be reported on subsequent Sundry Notice and/or the proper well completion form. Work planned to start immediately upon approval.

WITHDRAWN, REJECTED, OR DENIED
11-10-09

14 I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Gene Lee	Title Agent
Signature 	Date 08/10/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Title Office	Date
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Title 18 USC Section 1001 and Title 43 USC Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

