

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. 15405

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  
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**OPPOSITION OR OTHER PARTY:**

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

**ATTORNEY:**

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Padilla Law Firm, P.A.  
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505-988-7577

**STATEMENT OF CASE**

**APPLICANT:**

Applicant proposes to drill its Nosier 12 Fed. EG Well No, 6H to a depth sufficient to test the Glorieta-Yeso formation (Fren Glorieta-Yeso Pool). Applicant seeks to dedicate the SW/4NE/4 and S/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 SE/4NE/4 of adjoining Section 1.1, a first take point at an orthodox location in the SW/4NE/4 of Section 12, and a terminus at an orthodox location in the SW/4NE/4 of Section 12..

**OPPOSITION OR OTHER PARTY:**

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

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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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Ard Energy Group, Ltd.  
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**CERTIFICATE OF SERVICE**

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

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/s/ ERNEST L. PADILLA  
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