

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

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 (re-opened)

COG's PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP on behalf of COG Operating LLC ("COG") as required by the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Ard Energy, LLC

ATTORNEY

Ernest L. Padilla, Esq.
Padilla Law Firm, P.A.
Post Office Box 2523
Santa Fe, New Mexico 87504
(505) 988-7577
padillalaw@qwestoffice.net

OPPONENT

COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

ATTORNEY

Michael H. Feldewert, Esq.
Jordan L. Kessler, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

2016 JUL 28 PM 4:42
RECEIVED OGD

COG'S STATEMENT OF CASE

COG is the operator of the Ivar the Boneless Federal Well No. 11H Well, which was drilled in the non-standard spacing and proration unit comprised of the W/2 W/2 of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico (the "Unit"). Division Orders R-13913 and R-13913-A authorized pooling of the uncommitted interest owners in the Unit.

Ard Energy, LLC (“Ard”) is a working interest owner that elected to participate in the well under Order R-13913. Ard received an AFE dated February, 11, 2015, that anticipated total wells costs of \$3,403,000, executed that AFE in May of 2015, and transmitted to COG in August of 2015 \$180,784 as its share of the estimated costs. In its application, Ard now incorrectly suggests there was a “38.97% increase in drilling costs” and has requested a hearing to determine “reasonable well costs.”

COG will address the components of the actual increase in the final well costs at the hearing and explain the reason for those increases.

COG’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Joseph Scott, Landman	Approx. 10	Approx. 2
Kevin Hinshaw, Senior Facilities Engineer	Approx. 10	Approx. 2

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

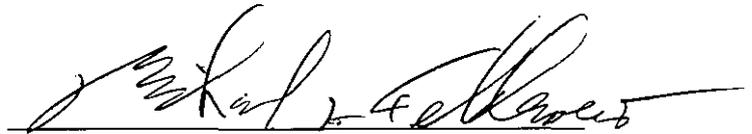
ATTORNEYS FOR COG OPERATING LLC

CERTIFICATE OF SERVICE

I hereby certify that on July 28, 2016, I served a copy of the foregoing document to the following via electronic mail to:

Ernest L. Padilla, Esq.
Padilla Law Firm, P.A.
Post Office Box 2523
Santa Fe, New Mexico 87504
(505) 988-7577
padillalaw@qwestoffice.net

ATTORNEY FOR ARD ENERGY, LLC

A handwritten signature in black ink, appearing to read "Michael H. Feldewert", written over a horizontal line.

Michael H. Feldewert
Jordan L. Kessler