

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
Padilla Law Firm, P.A.
PO Box 2523
Santa Fe, NM 87504
padillalaw@qwestoffice.net
505-988-7577

OPPOSITION OR OTHER PARTY:

COG Operating, LLC

ATTORNEY:

Michael H. Feldewert
Jordan Kessler
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504
mfeldewert@hollandhart.com
JKessler@hollandhart.com
505-988-4421

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
ERNEST L. PADILLA
Attorney for Ard Energy, LLC
PO Box 2523
Santa Fe, New Mexico 87504
505-988-7577
padillalaw@qwestoffice.net

CERTIFICATE OF SERVICE

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

Michael H. Feldewert (mfeldewert@hollandhart.com)
Jordan L. Kessler (JLKessler@hollandhard.com)
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504

/s/ ERNEST L. PADILLA
ERNEST L. PADILLA