



**MONTGOMERY
& ANDREWS**
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RECEIVED OCD

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 It's authority to transport or inject was revoked by the Division in Order No. R-12930.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

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BEFORE THE OIL CONSERVATION
COMMISSION
Santa Fe, New Mexico
Case No. 14547 & 14472 Exhibit No. 0
Submitted by:
JUDAH OIL, LLC
Hearing Date: June 29, 2011

Mr. Terry Warnell
May 19, 2010
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JSH:kw

Enclosures

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

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