

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

BEFORE THE OIL CONSERVATION COMMISSION

APPLICATION OF COG OPERATING, LLC FOR CANCELLATION OF  
OPERATOR'S AUTHORITY AND TERMINATION OF SPACING UNITS, YESO  
ENERGY, INC. DOW "B" 28 FED. WELL NO. 1, EDDY COUNTY, NEW MEXICO.

CASE NO. 14,472  
*De Novo*

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH  
THE COMPLIANCE AND ENFORCEMENT MANAGER, FOR AN  
ORDER AUTHORIZING THE DIVISION TO RECOGNIZE AN OPERATOR  
OF RECORD FOR WELLS CURRENTLY OPERATED BY YESO ENERGY, INC.; LEA, EDDY  
AND CHAVES COUNTIES, NEW MEXICO.

CASE NO. 14,547

**SECOND AMENDED**  
**PRE-HEARING STATEMENT**  
**OF THE OIL CONSERVATION**

The Oil Conservation Division (OCD) amends its pre-hearing statements in Cases 14,472 and 14,547 to add the following:

**STATEMENT OF THE CASE**

These two cases require the Oil Conservation Commission (OCC) to determine which operator should be recognized as the "operator of record" for three wells. To make this determination, the OCC must review the process set out in its rules for recognizing the "operator of record," interpret the language in two orders (R-12930-B and R-13294), and sort through a complicated set of facts involving multiple parties.

To assist the OCC in this task, the OCD has set out its legal position in the form of a draft order, which it is submitting with this pre-hearing statement as OCD Ex. 26. The OCD is also

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submitting the pre-filed written testimony of Daniel Sanchez, that sets out the factual basis for the OCD's case.

**RESPONDENT'S PROPOSED EVIDENCE**

**WITNESSES:**

**ESTIMATED TIME:**

Daniel Sanchez, OCD Compliance and Enforcement Manager      20 minutes

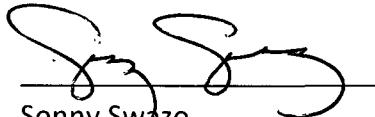
**EXHIBITS:**

The OCD has attached two additional exhibits that it may seek to introduce at the hearing in these cases: OCD Ex. 26 and OCD Ex. 27.

**PROCEDURAL MATTERS**

The OCD will seek to introduce OCD Ex. 27, the pre-filed written testimony of Daniel Sanchez. Mr. Sanchez will be present at the hearing to adopt his testimony under oath, and be available for cross-examination.

Respectfully submitted  
this 22nd day of June 2011 by



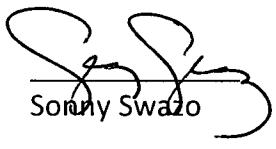
Sonny Swazo  
Oil Conservation Division, EMNRD

**CERTIFICATE OF SERVICE**

I hereby certify that on June 22nd 2011 a copy of this pleading and OCD's additional proposed exhibits were e-mailed to:

Michael Feldewert  
Ocean Munds-Dry  
Holland & Hart LLP  
[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)  
[omundsdry@hollandhart.com](mailto:omundsdry@hollandhart.com)  
*Attorneys for Judah Oil, LLC*

Scott Hall  
Montgomery & Andrews, P.A.  
[shall@montand.com](mailto:shall@montand.com)  
*Attorney for COG*



Sonny Swazo