



MONTGOMERY
& ANDREWS

J. SCOTT HALL

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2010 MAY 10 P 3: 07

May 10, 2010

Ms. Florene Davidson
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" 218 Federal Well No. 1, Eddy County, New Mexico

Dear Ms. Davidson:

Enclosed for filing in the above-referenced cases is COG's Response to Request for Continuance plus one copy.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

:kw

Enclosures
00186059

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210
Albuquerque, New Mexico 87176-6210

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

RECEIVED OGD
2010 MAY 10 P 3:07

**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.**

CASE NO. 14472

**COG'S RESPONSE TO
REQUEST FOR CONTINUANCE**

COG Operating LLC, ("COG"), through its counsel, Montgomery and Andrews, P.A., (J. Scott Hall), states its opposition to the Request for Continuance filed by Yeso Energy, Inc. and requests that the motion be stricken or denied for the reasons set forth below.

On April 9, 2010, COG filed its Application with the Division seeking an order canceling the authority of Yeso Energy, Inc. as operator of the Dow "B" 28 Federal Well No. 1 and terminating all Division permits and spacing and proration units that were at any time dedicated to the well located in the SE/4 SE/4 of Section 28, Township 17 South, Range 31 East, NMPM, Eddy County. In its Application, COG requested the matter be set for hearing on May 13, 2010. COG will, by separate application, seek the Division's approval to convert and utilize the well for disposal operations.

In conformance with the Division's rules, notice of the Application was properly and timely sent by COG by certified mail on April 15, 2010. Receipt of the notice was subsequently acknowledged by Yeso Energy's agent, Gene Lee, on May 3, 2010. (See Notice letter and receipt, Exhibit A, attached.) The Division also issued its Notice of Hearing of the Application, followed by publication Examiner Hearing Docket No. 17-10 advertising this case.

On May 6, 2010, counsel for COG and the Division timely filed their Pre-hearing Statements in conformance with Rule 19.15.4.13 B. On May 7, 2010, Yeso Energy, Inc. filed its Entry of Appearance And Request for Continuance, which was received on May 10, 2010. Yeso Energy's entry of appearance is thus untimely. However, because Yeso Energy was timely notified of the hearing, the operation of Division Rule 19.15.4.10 D prevents it from seeking a continuance now.

Yeso Energy, Inc. is well aware of the Division's rules and regulations, but has little regard for them. Yeso Energy has been involved in numerous notices of violation

and subsequent compliance proceedings brought by the Division. By Order No. R-12930-A issued by the Division in case No. 14924, Yeso Energy was ordered to bring all its wells into compliance or show cause why all its wells shouldn't be plugged and abandoned or transferred to another operator. Yeso Energy "wholly failed" to appear at the hearing directing it to show cause and on September 15, 2009, the Division entered Order No. R-12930-B ordering Yeso to plug all its wells or transfer them to another operator no later than March 15, 2010. Yeso did not appeal this order and it is now final. Neither did it honor the order issued by the Division and correspondingly, the Division has moved forward to plug the Yeso Energy wells.

Having exhibited only disregard and contempt for the Division's rules, regulations, administrative orders and adjudicatory orders in the past, Yeso Energy has forfeited any standing it may claim in its attempt to delay COG's Application in this matter. Therefore, Yeso Energy's Request for Continuance should be denied and it should not be allowed to present evidence in accordance with Rule 19.15.4.10 C.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall
J. Scott Hall, Esq.
Post Office Box 2307
Santa Fe, New Mexico 87504
(505) 982-3873
Attorneys for COG Operating LLC

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was e-mailed to counsel of record on the 10th day of May, 2010, as follows:

Gail MacQuesten, Esq.
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
gmacquesten@state.nm.us

Phil Brewer, Esq.
PO Box 298
Roswell, NM 88202-0298
phil@pegasusplace.com

J. Scott Hall

J. Scott Hall



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

April 15, 2010

Certified Mail Return Receipt Requested

Yeso Energy, Inc.
P.O. Box 8280
Roswell, NM 88202

**Re: NMOCD Case No. _____; 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 Sir or Madam:

This will advise that COG Operating LLC ("COG") has filed an Application with the New Mexico Oil Conservation Division for an order canceling the authority of Yeso Energy, Inc. as operator of the Dow "B" 28 Federal Well No. 1 and terminating all spacing and proration units at any time dedicated to the well. The well is located in Section 28, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. A copy of the Application is enclosed.

This application will be set for hearing before a Division Examiner on May 13, 2010, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement at least four

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Albuquerque, New Mexico 87176-6210

EXHIBIT A

Yeso Energy, Inc.
April 15, 2010
Page 2

business days before the scheduled hearing date in accordance with Division
Rule 19.15.4.13 NMAC.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

Attorneys for COG Operating LLC

JSH:kw

Enclosure

00180135

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <i>[Signature]</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Yeso Energy, Inc. P.O. Box 8280 Roswell, NM 88202</p>		<p>B. Received by (Printed Name) _____ C. Date of Delivery <i>5-3-10</i></p>	
<p>2. Article Number <i>7008 3230 0000 2319 0901</i></p> <p>(Transfer from service label)</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below: _____</p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>			

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Certified Fee	<i>2.80</i>
Return Receipt Fee (Endorsement Required)	<i>2.30</i>
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ <i>5.54</i>
<p>Sent To <i>Yeso Energy, Inc.</i></p> <p>Street, Apt. No., or PO Box No. <i>P.O. Box 8280</i></p> <p>City, State, ZIP+4[®] <i>Roswell NM 88202</i></p>	
<p>RS Form 3800, August 2006 See Reverse for Instructions</p>	