

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

**IN THE MATTER OF THE APPLICATION OF RELIANT
EXPLORATION AND PRODUCTION LLC, FOR
COMPULSORY POOLING T. 19N, R. 31 E, SECTION 7
HARDING COUNTY, NEW MEXICO.**

CASE NO. 14688

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Reliant Exploration and Production LLC, ("Reliant" or "Applicant") as required by the Oil Conservation Division Rule 19.15.14.1211(B).

APPEARANCES

APPLICANT:

Reliant Exploration and Production Company, LLC

ATTORNEYS:

Earl E. DeBrine, Jr.
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STATEMENT OF THE CASE

Reliant seeks an order from the Division pooling all mineral interests in the carbon dioxide formation underlying SW $\frac{1}{4}$ of Section 7, Township 19N, Range 31E, NMPM, Harding County, New Mexico, forming a standard=160-acre-gas-spacing-and-proration-units-for-the-Bravo, Dome-Carbon-Dioxide-Gas-Pool for Reliant's proposed well 7-1-L well.

(1) Reliant owns 100% working interest in the W/2 SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, Township 19N, Range 31E, NMPM, Harding County, New Mexico.

(2) Reliant was granted approval to drill the No. 7-1-L well, API 30-021-20516, a carbon dioxide well in Harding County New Mexico (hereafter well No. 7-1-L) in Section 7, Township 19N, Range 31E, NMPM, Harding County, New Mexico.

(3) Reliant proposes to drill well No. 7-1-L on its land within the proposed spacing unit for the well at a standard location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, to a depth of 2600 feet or a depth sufficient to test the Tubb Formation, and seeks to dedicate the following acreage to the spacing unit for the well:

Township 19N, Range 31E, SW $\frac{1}{4}$ of Section 7,
NMPM, Harding County, New Mexico.

(4) OXY owns an interest in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, Township 19N, Range 31E, NMPM, Harding County, New Mexico which is necessary to complete the spacing unit for the well.

(5) Reliant has in good faith sought to obtain the voluntary joinder of all mineral interest owners in the spacing unit for the well for purposes set forth herein. On March 14, 2011, Reliant sent a letter via certified mail to OXY USA, Inc. ("OXY") notifying OXY that Reliant planned to drill the No. 7-1-L well and that the proposed spacing unit for the well includes acreage owned by OXY. The letter further requested OXY to notify Reliant within 30 days whether OXY elects to participate in the proposed operation, and indicated that Reliant would file an application with the Oil Conservation Division to pool its interests in well No. 7-1-L if it did not hear from OXY within thirty-days.

(6) Although Reliant attempted to obtain the voluntary agreement of OXY to participate in the drilling of the well or to otherwise commit their interest to the well, OXY has failed to respond to Reliant about its decision whether to join in dedicating its interests, and

therefore Reliant is making this application to pool OXY's interests in well No. 7-1-L pursuant to NMSA 1978, § 70-2-17(C).

(7) The pooling of all mineral interests underlying the SW1/4 of Section 7 will prevent the drilling of unnecessary wells, prevent waste and protective correlative rights.

(8) Pursuant to NMSA 1978, § 70-2-17(C) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Reliant requests an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

(9) Reliant further requests the Division enter an order designating Reliant as operator of the well; providing for Reliant and all other working interest owners to participate in the costs of drilling, completing, equipping and operating the well, and allocating the cost among the well's working interest owners; in the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well; together with a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and providing for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS.

PROPOSED EVIDENCE

WITNESSES	EST. TIME	NO. OF EXHIBITS
Fred Vanderburg Scott Vanderburg Vance Vanderburg	30 minutes	5

PROCEDURAL MATTERS

None anticipated.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 

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