

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

IN THE MATTER OF THE APPLICATION OF OXY USA, INC. TO REOPEN CASE NO. 8352 TO CONTRACT THE WEST BRAVO DOME CARBON DIOXIDE GAS AREA TO EXCLUDE ACREAGE IN THE BRAVO DOME CARBON DIOXIDE GAS UNIT AND FOR THE ADOPTION OF PERMANENT SPECIAL POOL RULES AND REGULATIONS FOR THE ACREAGE EXCLUDED FROM THE WEST BRAVO DOME CARBON DIOXIDE GAS AREA INCLUDING PROVISIONS FOR 160-ACRE SPACING UNITS, HARDING COUNTY, NEW MEXICO.

CASE NO. 8352 (REOPENED)

**PRE-HEARING STATEMENT ON BEHALF OF
BRAVO DOME MINERAL AND SURFACE OWNERS**

In accordance with Rule 19.15.4.13(B) NMAC this Pre-Hearing Statement is submitted on behalf of Bravo Dome mineral and surface owners Russell Heimann, Libby Minerals LLC, Chappy's OY Land & Cattle Company, Levis Family Trust, Ute Creek Cattle Company, Libby Cattle Company and Yesterday's Valley Ranch, hereafter "Heimann et al.") who are represented by Gallegos Law Firm, P.C.

STATEMENT OF THE CASE

In Case No. 8352, which was heard by the Oil Conservation Commission in September 1984, it was established that with the exception of the thickness of the net pay in the West Bravo Dome Carbon Dioxide Gas Area, the Bravo Dome Carbon Dioxide 640-acre area, the Temporary Spacing Area and the areas in between the carbon dioxide reservoir is comparable from a Geological, Engineering and Economic standpoint. The evidence supported Order R-7737, issued November 19, 1984, finding:

- (14) The difference in the thickness of the net pay between the Bravo Dome Carbon (sic) 640-Acre Area and the West Bravo Dome Carbon Dioxide Gas Area is not an adequate basis upon which to space wells differently in each area.

- (15) In addition to continuity, the only reservoir parameter that affects the ability of a well to drain and develop a given number of acres is the permeability.

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- (17) The average permeability in the West Bravo Dome Carbon Dioxide Gas Area is 10 millidarcies which is adequate for a well to have the capacity to drain 640 acres.

When Case No. 8352 was reopened in 1987 the evidence confirmed that the reservoir parameters of porosity and permeability are very similar throughout the Tubb formation from west to east. To the east the Bravo Dome is permanently spaced on 640 acres, so the West Bravo Dome 640 acre spacing was left in place by Order R-7737A.

The Tubb reservoir characteristics are objective geological truths that have not and do not change over the span of twenty or thirty years. One well on 640 acres adequately drains the reservoir throughout the Tubb formation. Spacing of that size avoids waste and protects correlative rights. Moreover, such spacing has been in place for over twenty-five years and surface infrastructure configured to that standard. The 640 acre spacing unit minimizes the interference with and damages to the surface on which development takes place.

The application for 160 acre spacing units in Harding County should be denied.

WITNESS AND EVIDENCE


Heimann, et al. expect to call as an expert petroleum engineer:

| <u>Witness</u> | <u>Time</u> |
|-------------------------------------|--------------------|
| Dr. Craig VanKirk or Norman Nuss | 2 hours |

PROCEDURAL MATTERS

All Intervenors are seeking extensive discovery from the Applicant by way of a Subpoena Duces Tecum. Whether that discovery will be satisfactorily provided in a timely manner is not determined at this time. Heimann, et al. reserve the right to move for a continuance should the Applicant delay or resist such discovery.

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CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Pre-Hearing Statement on behalf of Bravo Dome Mineral and Surface Owners to be served by U.S Mail upon the following counsel of record on this 3rd day of August, 2010:

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