

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

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IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF RELIANT EXPLORATION
AND PRODUCTION LLC, FOR COMPULSORY
POOLING, HARDING COUNTY, NEW MEXICO.

CASE NO. 15113

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT:

Reliant Exploration and Production, LLC
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ATTORNEY:

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STATEMENT OF THE CASE

Applicant in the above-styled cause seeks an order pooling all uncommitted working and mineral interests in all formations to a depth of 2600 feet (TVD) underlying Section 23, Township 20 North, Range 32 East, NMPM, Harding County, New Mexico for all formations and/or pools developed on 640-acre spacing unit within this vertical extent including but not limited to the

Tubb Formation. This unit will be dedicated to the 23-1-G well to be drilled at a surface location 1980 feet from the North line and 1980 feet from the East line.

(1) Reliant owns 75% working interest in the Section 23, Township 20N, Range 32E, NMPM, Harding County, New Mexico.

(2) Reliant was granted approval to drill the No. 23-1-G well, API 30-021-20578, a carbon dioxide well in Harding County New Mexico (hereafter well No. 23-1-G) in Section 23, Township 20N, Range 32E, NMPM, Harding County, New Mexico.

(3) Reliant proposes to drill well No. 23-1-G on its land within the proposed spacing unit for the well at a standard location in Section 23, 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 20N, Range 32E, Section 23
NMPM, Harding County, New Mexico.

(4) OXY owns the remaining working interest, and several individuals own the mineral interests, in Section 23, Township 20N, Range 32E, 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 working and mineral interest owners in the spacing unit for the well for purposes set forth herein. On September 3, 2013, Reliant sent a letter via certified mail to all interest owners notifying them that Reliant planned to drill the No. 23-1-G well and that the proposed spacing unit for the well includes acreage owned by them. The letter further requested that each interest owner notify Reliant within 30 days whether that interest would elect 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. 23-1-G if it did not hear from OXY within thirty-days.

(6) Although Reliant attempted to obtain the voluntary agreement of each interest owner to participate in the drilling of the well or to otherwise commit their interest to the well, these owners have failed to respond to Reliant about their decision to join in dedicating its interests, and therefore Reliant is making this application to pool OXY's interests in well No. 23-1-G pursuant to NMSA 1978, § 70-2-17(C).

(7) The pooling of all mineral interests underlying Section 23 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 order pooling the working and mineral interests described in the appropriate spacing unit for the well at a standard well location upon terms and conditions which include:

A. Designating applicant as operator of the well;

B. Provisions 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;

C. 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.

D. Provision for overhead rates fixed at \$6,000 per month drilling and \$600 per month operating, and a provision providing for an adjustment method of the overhead rates as provided by COPAS.

Said area is located approximately 25 miles Northeast of Mosquero, New Mexico.

PROPOSED EVIDENCE

WITNESSES

EST. TIME

EXHIBITS

Landman

20 min.

Approx. 10

PROCEDURAL MATTERS

Reliant has none at this time.

Respectfully submitted,

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

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