

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

**IN THE MATTER OF THE APPLICATION OF OXY USA WTP, LLC AND CANAAN  
RESOURCES DRILLING COMPANY, LLC TO REOPEN AND AMEND  
ORDER NO. R-20279 *NUNC PRO TUNC***

UNDERLYING MATTER:

**IN THE MATTER OF THE APPLICATION OF CENTENNIAL RESOURCE  
PRODUCTION, LLC TO REOPEN CASE NO. 16265 TO ADD ADDITIONAL INITIAL  
WELLS UNDER THE TERMS OF COMPULSORY POOLING ORDER NO. R-20001,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 16265 (REOPENED)**

**PRE-HEARING STATEMENT**

OXY USA WTP, LLC (“OXY”) and CANAAN RESOURCES DRILLING COMPANY,  
LLC, through undersigned counsel, file this Pre-Hearing Statement pursuant to section  
19.15.4.13.B NMAC.

**APPEARANCES**

APPLICANTS  
OXY USA WTP, LLC  
Canaan Resources Drilling Company

APPLICANTS’ ATTORNEY  
Dalva L. Moellenberg  
GALLAGHER & KENNEDY, PA  
1239 Paseo de Peralta  
Santa Fe, NM 87501-2758  
Phone: (505) 982-9523  
Fax: (505) 983-8160  
[dlm@gknet.com](mailto:dlm@gknet.com)

OPPONENT  
Centennial Resource Production, LLC

OPPONENT’S ATTORNEY  
Ernest L. Padilla  
Padilla Law Firm, P.A.  
P.O. Box 2523  
Santa Fe, NM 87504  
(505) 988-7577  
[padillalaw@qwestoffice.net](mailto:padillalaw@qwestoffice.net)

JUL 03 2019 PM03:26

## **STATEMENT OF THE CASE**

Applicants seek to reopen Order No. R-20279 (the “Order”) to amend paragraph (13) of the Order *nunc pro tunc* to clarify OXY’s and CANAAN’s rights, as a pooled working interest owners, to pay in advance their share of estimated wells costs, rather than having the operator withhold those costs from OXY’s and/or CANAAN’s share of production, along with a risk charge as provided in paragraph (16) of the Order. Applicants further request that the Division declare that CANAAN timely exercised the right to elect pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production along with any applicable penalties and that CANAAN is not subject to a risk charge.

## **PROPOSED EVIDENCE**

### **Applicants’ Proposed Evidence**

WITNESS	ESTIMATED TIME	EXHIBITS
None	N/A	N/A


## **PROCEDURAL MATTERS**

This matter is set for hearing on July 11, 2019. Opponent Centennial Resource Production, LLC filed a Motion to Dismiss on July 1, 2019. Applicants intend to file a written response to the Motion to Dismiss by July 10 and may file a separate Motion. Along with their written Response, Applicants will request a Pre-Hearing Conference to hear the Motion(s). Applicants anticipate that a decision on the Motion to Dismiss could be dispositive of this case. Applicants reserve the right to file an amended Pre-Hearing Statement to identify additional evidence for a hearing depending upon whether there are any factual issues requiring a hearing

following decision on the Motion. Based on the pending Motion, Applicants request that this case be continued from the July 11 hearing docket.

RESPECTFULLY SUBMITTED

Gallagher & Kennedy, P.A.

By   
Dalva L. Moellenberg  
1239 Paseo de Peralta  
Santa Fe, New Mexico 87501  
[dlm@gknet.com](mailto:dlm@gknet.com)  
(505) 989-7278  
Counsel for OXY USA WTP, LLC and  
CANAAN RESOURCES DRILLING  
COMPANY, LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 3rd day of July, 2019 via e-mail:

Ernest L. Padilla  
Padilla Law Firm, P.A.  
P.O. Box 2523  
Santa Fe, NM 87405  
(505) 988-7577  
[padillalaw@qwestoffice.net](mailto:padillalaw@qwestoffice.net)

Michael H. Feldewert, Esq.  
Julia Broggi, Esq.  
Holland & Hart LLP  
P.O. Box 2208  
Santa Fe, NM 87504  
(505) 998-4421  
[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)  
[jbroggi@hollandhart.com](mailto:jbroggi@hollandhart.com)

Attorneys for Centennial Resource Production, LLC

  
\_\_\_\_\_  
Dalva L. Moellenberg