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

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

CASE 13983

APPLICATION OF RANGE OPERATING NEW MEXICO, INC.
FOR AN EXTENSION OF EMERGENCY ORDER R-12800 FOR
SURFACE COMMINGLINGLY AND OFF-LEASE SALE,
LEA COUNTY, NEW MEXICO

FIRST AMENDED AND REVISED
PRE-HEARING STATEMENT

Range Operating New Mexico, Inc. submits this pre-hearing statement as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

Range Operating New Mexico, Inc.
100 Throckmorton St., Ste. 1200
Fort Worth, Texas 76102
Attn: Deanna Poindexter
817-869-4127

ATTORNEY

Thomas Kellahin, Esq.
706 Gonzales Road
Santa Fe, New Mexico 87501
505-982-4285

OPPONENTS

None

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

REVISED REQUEST:

On Monday, August 13, 2007, Range Operating New Mexico, Inc., ("Range") was granted an Emergency Hearing Order by the NMOCD to allow the temporary sales of gas to active sales points off lease from 46 wells that were shut-in due to a Southern Union pipeline repair. Range's affected wells were producing a total of 9.9 MMCFPD with a value of approximately \$80,000 per day. As a result of this emergency, Range was required to postpone production for a total of 10 days from August 3 to August 13 valued at \$800,000 dollars.

On August 13, 2007, the Division issued Emergency Order No. R-12800. Because the Division, by rule, can not issue an emergency order for longer than fifteen days without a hearing, this matter has been set for hearing on the Division's August 23, 2007 Examiner's docket scheduled to start at 8:15 am.

Originally, Range sought an extension of Division's Emergency Order R-12800 dated August 13, 2007 that if not extended will by rule expire on August 28, 2007 because these wells were shut-in.

Now, Range seeks to modify the scope of its application for an extension of the Division's Emergency Order R-12800, dated August 13, 1007 because of the following events occurring after the date of this order:

- (1) By August 13, 2007, Range had constructed 3" poly lines to temporarily transfer gas off leases that were shut-in to other Range leases that were active sales points with the temporary usage of the poly lines estimated to last approximately 20 days. All gas was to be metered with electronic flow meters at the original lease, and sales were to be allocated back to the leases on a BTU basis using these meters. Separation of oil and gas was to continue to be at the original lease.

- (2) On Thursday, August 16, 2007, Southern Union was able to finish their repair project ahead of time and Range was able to flow full sales from on-lease sales points down the repaired line.
- (3) The fact remains that it is a 50 year old line that remains suspect and vulnerable to future breaks and failures since the repairs of Southern Union's pipeline were small in comparison to the scope of the entire line (8,000' of repair on a pipeline that extends over several miles).
- (4) Range has discussed with a director at Southern Union and informed him of its plans to pursue the extension of the Emergency Hearing Order. He was already aware of Range's plans to date and has worked closely with Range to determine the new sales points for the gas that was shut-in. Southern Union is preparing a pipeline map specific to Range's area with the pipeline of interest shown along with the area of repair. **See Map attached**
- (5) Range is pursuing an administrative permit through the OCD and BLM to provide an alternatively approved procedure to commingle the gas sales of the subject leases off-lease. This alternative permit will be used on an emergency basis for those times when future pipeline repairs cause similar shut-in issues as were previously encountered. In the absence of those events, then Range will use the original plan for the gathering and sale of gas production.
- (6) However, the timeline for obtaining this off-lease commingling permit is approximately 30 days.
- (7) Range is now petitioning for a 30 days extension of Emergency Order R-12880 to cover the time frame it will take to obtain a permanent alternate permit in the event that another extensive pipeline repair is encountered in the near term.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EST. EXHIBITS

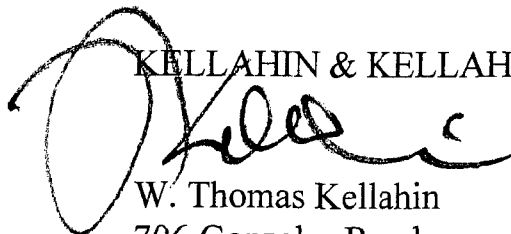
Deanna Poindexter (PE)

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PROCEDURAL MATTERS

Request to modify the basis for Range's requested extension of Emergency Order R-12800.



KELLAHIN & KELLAHIN

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Santa Fe, New Mexico 87501

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CERTIFICATE OF SERVICE

I certify that on August 20, 2007, I served a copy of the foregoing documents by:

☐ US Mail, postage prepaid

☒ Hand Delivery

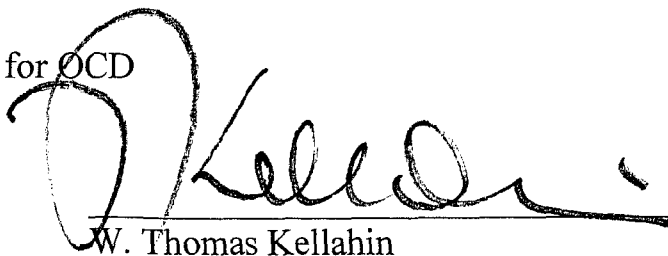
☐ Facsimile

to the following:

David K. Brooks, Esq., and

Will Jones, engineer

Hearing Examiners for OCD



W. Thomas Kellahin

commence (3448)

