



**MONTGOMERY
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2008 DEC 3 PM 4 54

December 3, 2008

Florene Davidson
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: In the Matter of the Application of the New Mexico Oil Conservation Division, Through the Environmental Bureau Chief, for Adoption of an Amendment to 19.15.39 NMAC Adding New Sections to be Codified at 19.15.39.9 and 19.15.39.10 NMAC Addressing Special Provisions for Santa Fe County and the Galisteo Basin, Santa Fe, Sandoval and San Miguel Counties, New Mexico, Case No. 14255

Dear Ms. Davidson:

Enclosed is are an original and six copies of a Pre-Hearing Statement by Approach Operating, LLC.

Also enclosed is an extra copy for file endorsement and return.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

JSH:kw
Enclosure

REPLY TO:

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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES/ED
OIL CONSERVATION COMMISSION

2008 DEC 3 PM 4 54

IN THE MATTER OF THE APPLICATION
OF THE NEW MEXICO OIL CONSERVATION
DIVISION, THROUGH THE ENVIRONMENTAL
BUREAU CHIEF, FOR ADOPTION OF AN
AMENDMENT TO 19.15.39 NMAC ADDING
NEW SECTIONS TO BE CODIFIED AT 19.15.39.9
AND 19.15.39.10 NMAC ADDRESSING SPECIAL
PROVISIONS FOR SANTA FE COUNTY AND THE
GALISTEO BASIN, SANTA FE, SANDOVAL AND
SAN MIGUEL COUNTIES, NEW MEXICO

CASE NO. 14255

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Montgomery and Andrews, P.A. (J. Scott Hall) on behalf of Approach Operating, LLC as required by the Oil Conservation Division's rules.

APPEARANCES

APPLICANT'S ATTORNEY

Gail MacQuesten, Esq.
Assistant General Counsel
Energy, Minerals and Natural
Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451
(505) 476-3462 fax

OTHER PARTY'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2305
Santa Fe, NM 87504-2307

APPLICANT

New Mexico Oil Conservation Division

OTHER PARTY

Approach Operating, LLC

STATEMENT OF THE CASE

APPLICANT:

NEW MEXICO OIL CONSERVATION DIVISION

Applicant seeks amendment of 19.15.39 NMAC to add two new sections setting out special provisions for Santa Fe County and the Galisteo Basin, which extends into portions of San Miguel and Sandoval Counties. Proposed section 19.15.39.9 NMAC requires operators to obtain the approval of the Oil Conservation Division (Division) for an exploration and development plan prior to drilling, reentering or deepening a well in Santa Fe County or the Galisteo Basin, and requires the operator to renew the plan every five years. The operator will be required to operate the wells covered by the plan in accordance with the plan's requirements until the plan is specifically replaced by a special pool order. The proposed rule sets out the process for obtaining, amending, renewing and replacing exploration and development plans. Proposed section 19.15.39.10 NMAC sets out conditions that will be applied to applications for permits to drill, re-enter or deepen a well covered by an exploration and development plan. These conditions will apply unless the operator's approved exploration and development plan recognizes an exception.

OTHER PARTY

APPROACH RESOURCES INC. AND APPROACH OPERATING, LLC

Approach Operating LLC, ("Approach") owns permits to drill and has applied for additional permits for wells for the exploration and development of significant oil and gas leasehold interests in New Mexico owned by its affiliate company, Approach Oil and Gas, Inc. These APD's are the subject of Case Nos. 14134 and 14141 presently pending before the Commission.

It is Approach's view that fulfillment of governmental responsibilities to prevent waste, protect correlative rights, protect fresh water, human health and the environment is best achieved by the adoption and administration of an oil and gas regulatory scheme that is at once predictable, reliable and uniform. It is also Approach's view that the Division is best situated to discharge this regulatory function.

PROPOSED EVIDENCE

APPROACH OPERATING, LLC

WITNESSES:

Est. Time No. of Exhibits

Approach Operating, LLC does not at this time plan to present witnesses, but reserves the right to do so. Approach reserves the right to cross-examine witnesses.

PROCEDURAL MATTERS

None.

Montgomery and Andrews, P. A.

By: 

J. Scott Hall
Attorneys for Approach Operating, LLC
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873
(505) 982-4289 fax

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was faxed to counsel of record on the 3rd day of December, 2008, as follows:

Gail Macquesten, Esq.
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504
(505) 476-3462/Facsimile



J. Scott Hall