

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

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IN THE MATTER OF THE APPLICATION OF
APPROACH OPERATING, LLC FOR A NON-
STANDARD OIL SPACING AND PRORATION
UNIT, RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 14522

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Approach Operating LLC as required by the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Approach Operating, LLC

APPLICANT'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873

OPPOSING PARTY

None.

OPPOSING PARTY'S ATTORNEY

STATEMENT OF THE CASE

Applicant seeks an order approving the formation of a non-standard oil well spacing and proration unit comprised of 31.7 ± acres located in the NW/4 SW/4 of projected Section 21, T28N, R4E in Rio Arriba County, New Mexico. The proposed non-standard unit will be dedicated to its Avella Sultemeier No. 2 Well, to be vertically drilled to the Mancos Shale formation, WC Tierra Amarilla Mancos Oil Pool at a location 1,662' FSL and 6' FWL of Section 21. The unorthodox location for the well was previously approved administratively on June 11, 2010 by Order NSL 6212.

With respect to the proposed non-standard unit, the statewide oil well location and acreage dedication rules that would otherwise be applicable to the WC Tierra Amarilla Mancos Oil Pool (97767) provide that oil wells shall be located on a spacing unit "...consisting of approximately 40 contiguous surface acres, substantially in the form of a square that is a legal subdivision of the United States public land survey and is a governmental quarter-quarter section or lot..". See Rule 19.15.15.9.A. Rule 19.15.15.11.B (1) authorizes administrative approvals of requests for

non-standard units when necessitated by “a variation in the legal subdivision of the United States public land surveys...”. However, there is no “United States public land survey” in this area and the variation results only from the application of a *projected* survey. Under these circumstances, because an administrative approval is not specifically provided for in the rule, the Applicant was advised that it would be necessary to file an application for hearing under Rule 19.15.4.8. See Order NSP-1942.

The Application in this matter was filed on July 6, 2010 and has been properly advertised. Notice of both the application for administrative approval as well as this Application for hearing was issued. No objections have been received and no other party has entered an appearance in this case.

PROPOSED EVIDENCE

APPLICANT

This case will be presented by affidavit.

OPPOSING PARTY

None.

PROCEDURAL MATTERS

None.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

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Attorneys for Approach Operating LLC

Certificate of Service

I hereby certify that on April ___, 2011, a true and correct copy of the foregoing was deposited with the U.S. Postal Service, with proper postage affixed, addressed as follows:

N/A

N/A

J. Scott Hall

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