

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

**APPLICATION OF AVANT OPERATING,  
LLC FOR COMPULSORY POOLING AND  
APPROVAL OF NON-STANDARD HORIZONTAL  
SPACING UNIT, LEA COUNTY, NEW MEXICO**

**Case No. 24544**

**NOTICE OF FILING: AMENDED HEARING PACKET**

Prima Exploration, Inc. ("Prima"), through its undersigned attorneys, hereby submits the Amended Hearing Packet for the above-referenced case, attached hereto as Exhibit 1. Prima has amended the Hearing Packet to include a revised Exhibit A-1 that addresses certain pages in the exhibit that were out of place. Prima has also included the resume of David Rhodes.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill  
William E. Zimsky  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
andrew@abadieschill.com  
bill@abadieschill.com

**Attorneys for Prima Exploration,  
Inc.**

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING AUGUST 20, 2024**

**AMENDED EXHIBITS IN SUPPORT OF THE OBJECTION BY  
PRIMA EXPLORATION, INC. TO THE  
APPLICATION OF AVANT OPERATING, LLC  
FOR COMPULSORY POOLING AND APPROVAL OF  
NON-STANDARD HORIZONTAL SPACING UNIT,  
LEA COUNTY, NEW MEXICO**

**Case No. 24544**

**Prima Exploration, Inc.**

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**PAGE 7:** Amended Exhibit A-1: Interference and Waste

**PAGE 18:** Exhibit B: Resume of Ron Solt

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
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**APPLICATION OF AVANT OPERATING  
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**Case No. 24544**

**SELF-AFFIRMED STATEMENT OF DAVID RHODES**

I, David Rhodes, state and affirm the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as the VP of Exploration for Prima Exploration, Inc. ("Prima"). I am familiar with the subject application and the geology involved.
3. This self-affirmed statement is submitted in connection with Prima's Objection to the Application for Compulsory Pooling and Approval of Non-Standard Spacing Unit in Case No. 24544 for purposes of having the pooling application revised or amended.
4. I have not testified previously before the Oil Conservation Division ("Division"). I have a Bachelor of Science Degree in Petroleum Engineering from The Colorado School of Mines. I have worked in the Oil and Gas field as an Engineer for 17 years and have 9 years of experience in New Mexico. Based on my credentials and experience, I ask that I be accepted of record as an expert witness in petroleum engineering matters. A copy of my resume is attached to this statement for the Division's review.
5. Prima is an exploration and production company formed in 1981 with a management team that has experience in developing and producing in the Delaware Basin in New Mexico.



6. In my Statement, I will address the issue of Avant Operating, LLC's, ("Avant") overproduction of the unit with more wells than are necessary.

7. It is my opinion, based on my experience in the Delaware Basin and the evidence in Exhibit A-1, that drilling 12 wells in the Bone Spring is an overdevelopment of the unit and such over development would result in the drilling of unnecessary wells and burden the working interest owners with excessive costs.

8. Therefore, based on my review, I find that the current pooling application in Case No. 24544 should be amended to propose nine (9) wells in the Bone Spring formation, with three (3) wells per bench, which would be a reasonable number to drill and operate to meet the terms of the pooling order. As there are three distinct benches in the Bone Spring formation in the subject area – the 1<sup>st</sup> Bone Spring, 2<sup>nd</sup> Bone Spring, and 3<sup>rd</sup> Bone Spring, the proper number of wells to fully develop these lands would be three wells per bench, 9 wells total for the Bone Spring formation.

9. Based on my review of the development plan, it is my belief that a total of 9 Bone Spring wells is the optimal number of wells for the Subject Lands to avoid the drilling of unnecessary wells, prevent waste, maximize the ultimate recovery of hydrocarbons, and provide the owners with their just and equitable share of production without excessive burdens and costs.

10. Exhibit A-1 demonstrates how a well density of twelve (12) wells in the Bone Spring formation (four wells per zone) will create waste by burdening owners with excessive costs to recover the reserves within the Unit through interference in production from each well.

11. The exhibits included herein were prepared by me or under my supervision. The This statement is true and correct the best of my knowledge and understanding.

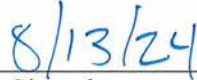
*(Signature Page Follows)*

*Signature Page to David Rhodes' Self-Affirmed Statement:*

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 24544 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



David Rhodes



Date Signed

**DAVID RHODES**  
[drhodes@primaex.com](mailto:drhodes@primaex.com)

250 Fillmore Street, Suite 500  
Denver, Colorado 80206

(303) 755-5681 extension 116

**PROFESSIONAL EXPERIENCE**

**Prima Exploration, Inc.**

**Petroleum Engineer, 2009 – Present**

- Provide engineering, operational, and geologic support for company properties
- Manage company reserve report of over 3,000 wells, including over 100 horizontal unconventional wells in numerous basins, including the Delaware Basin in New Mexico
- Perform company A&D evaluations and recommend valuations
- Formulate new venture ideas and proposals for company investments
- Evaluate well proposals for new drills on company acreage and engage operators for best practices for completion techniques and well density/drainage areas
- Managed 70 operated wells, including 21 operated Bakken/Three Forks horizontals, for two years until expansion of company brought in dedicated Operations Engineer
- Involved heavily in geology projects and perform low-mid level geologic functions
- Involved in the planning, drilling, geologic evaluation, and completion of multiple operated wells including horizontal Bone Springs wells in New Mexico
- Testified as expert Petroleum Engineer witness multiple times in front of the Wyoming Oil and Gas Conservation Commission staff, Montana Board of Oil and Gas Commission, North Dakota Industrial Commission, and the Colorado Oil and Gas Conservation Commission

**EMPLOYMENT HISTORY**

2009 – 2009	<b>Quantum Resources Management</b>	Petroleum Engineer, Denver, CO
2007 – 2009	<b>Quantum Resources Management</b>	Petroleum Intern, Denver, CO
2006 – 2007	<b>Kestrel Energy/Samson Oil and Gas</b>	Petroleum Intern, Lakewood, CO

**EDUCATION**

B.S. in Petroleum Engineering, Colorado School of Mines, May 2009  
Minor in Economics and Business, Colorado School of Mines, May 2009

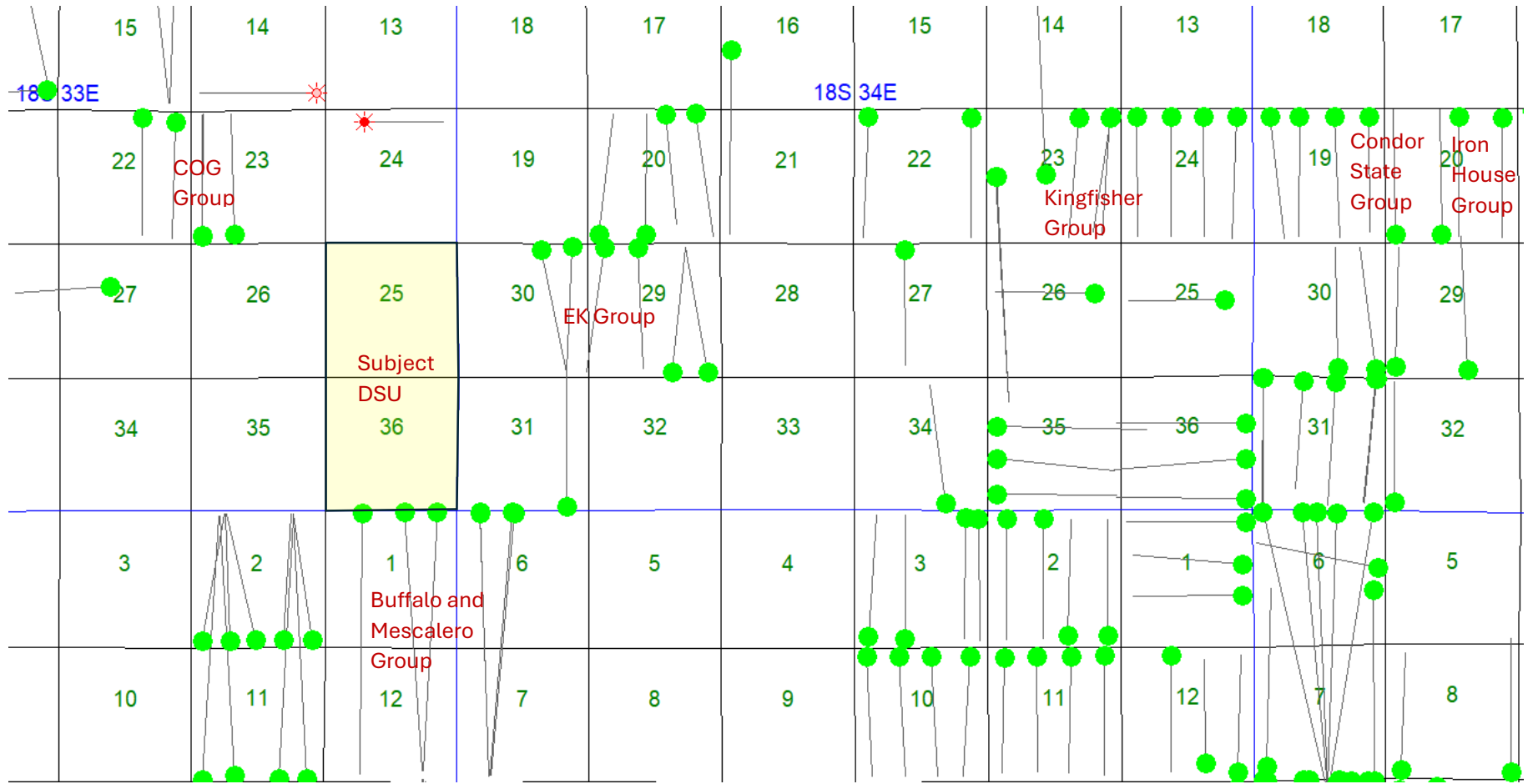


## Amended Exhibit A-1: Interference and Waste

This exhibit demonstrates that the proposed well density of 12 wells within the Bone Spring formation, 4 wells per zone, will create waste, by burdening owners with excess costs to recover the reserves within the unit.

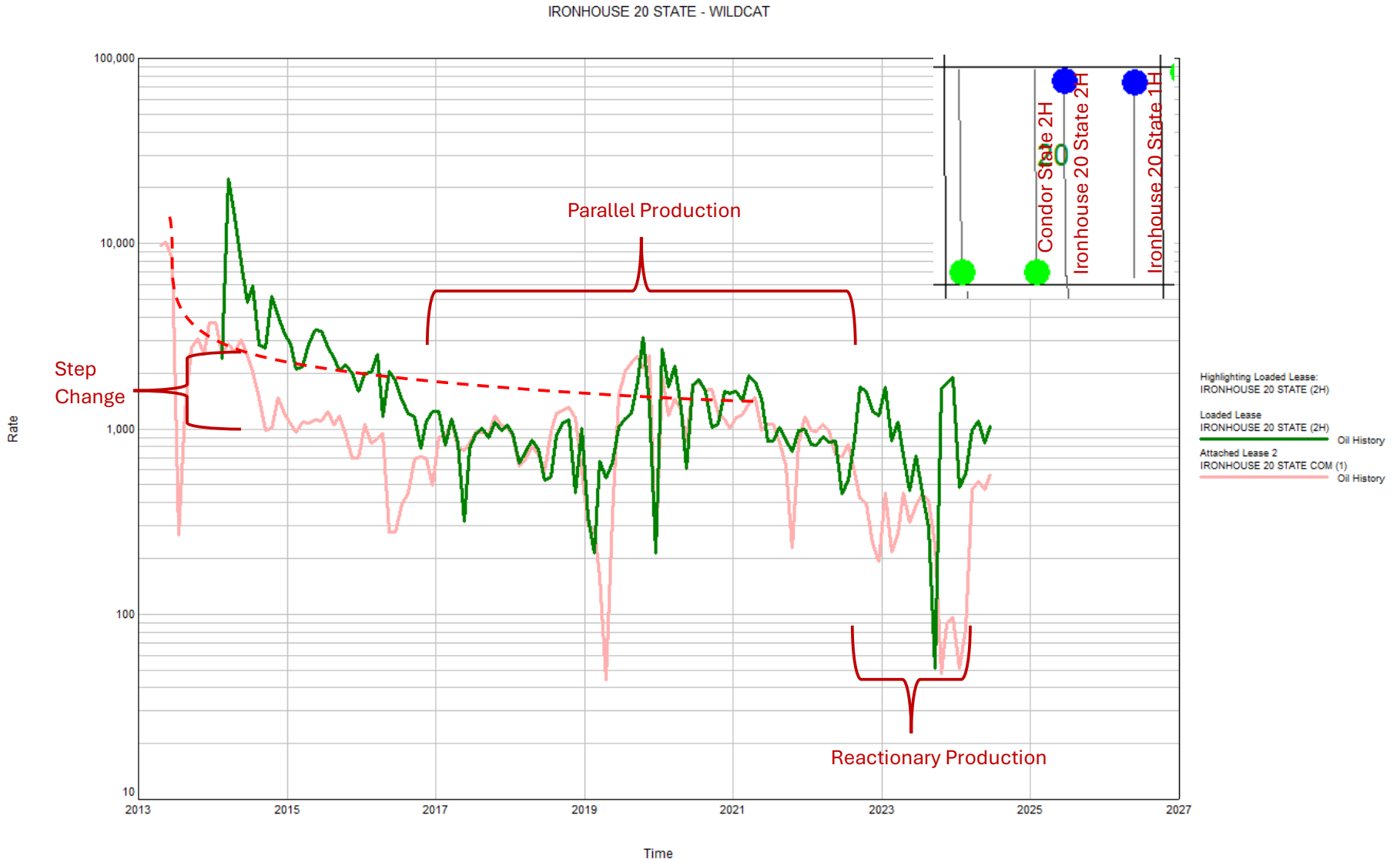
1. Avant's proposals are for 4 wells in each of the 1<sup>st</sup> Bone Spring, 2<sup>nd</sup> Bone Spring, and 3<sup>rd</sup> Bone Spring formations
  - a. In general, the wells are proposed to be spaced 1,320' apart from one another in each bench
2. Numerous offset developed units within the Bone Spring formation indicate that 4 wells per mile result in interference
  - a. Curve overlays clearly demonstrate step change in production
  - b. Curve overlays show reactionary changes in production between wells
  - c. Curve overlays show long-term parallel production indicating communication
3. Extrapolated production from wells prior to interference demonstrate proper density to fully drain the reservoir is just over 2 wells per mile
  - a. As we cannot drill fractional wells, in order to fully develop, the proper density to fully drain the reservoir is 3 wells per mile
4. As Avant is proposing one unnecessary well per formation, the economic impact on the working interest owners is considerable
  - a. \$35 million in excess and unnecessary drilling and completion costs
  - b. \$16 million in excess and unnecessary operating costs over the life of the wells
  - c. Total of \$51 million in excess and unnecessary costs to the working interest owners
5. Additional wells require more land and water use, more wear and tear on roads, and more pollution





Map locating subject DSU and offset development case studies for interference

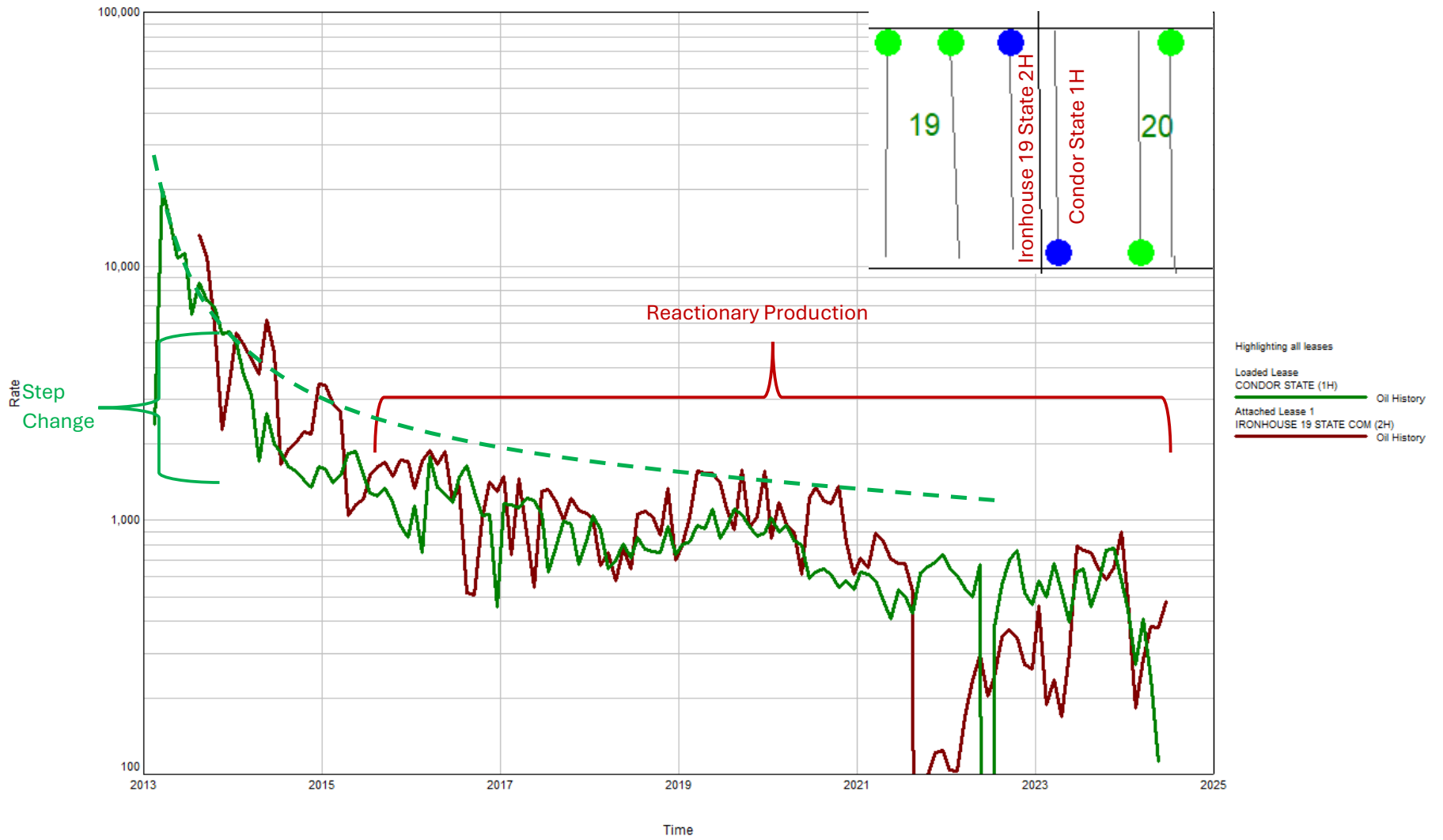
### Iron House Group



Ironhouse 1H and 2H wells show near immediate interference with a step change, then transition to parallel and reactionary  
 Condor State 2H well was drilled and completed at the same time as the Ironhouse 2H, so interference is masked between the two

### Condor State Group

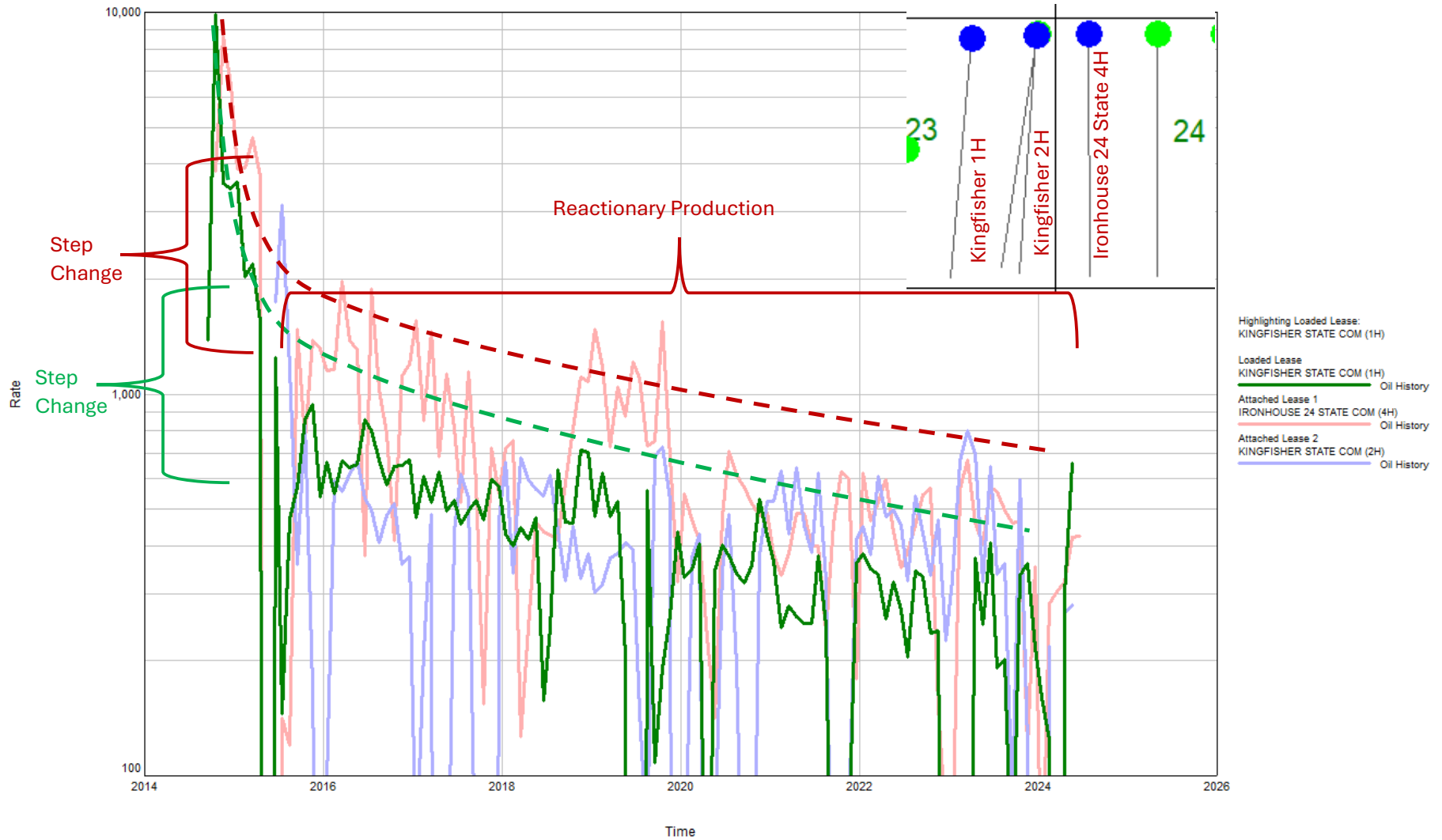
CONDOR STATE - WILDCAT



Condor State 1H sees very early step change due to Ironhouse 19 State 2H coming online. The wells have been reactionary ever since

# Kingfisher Group

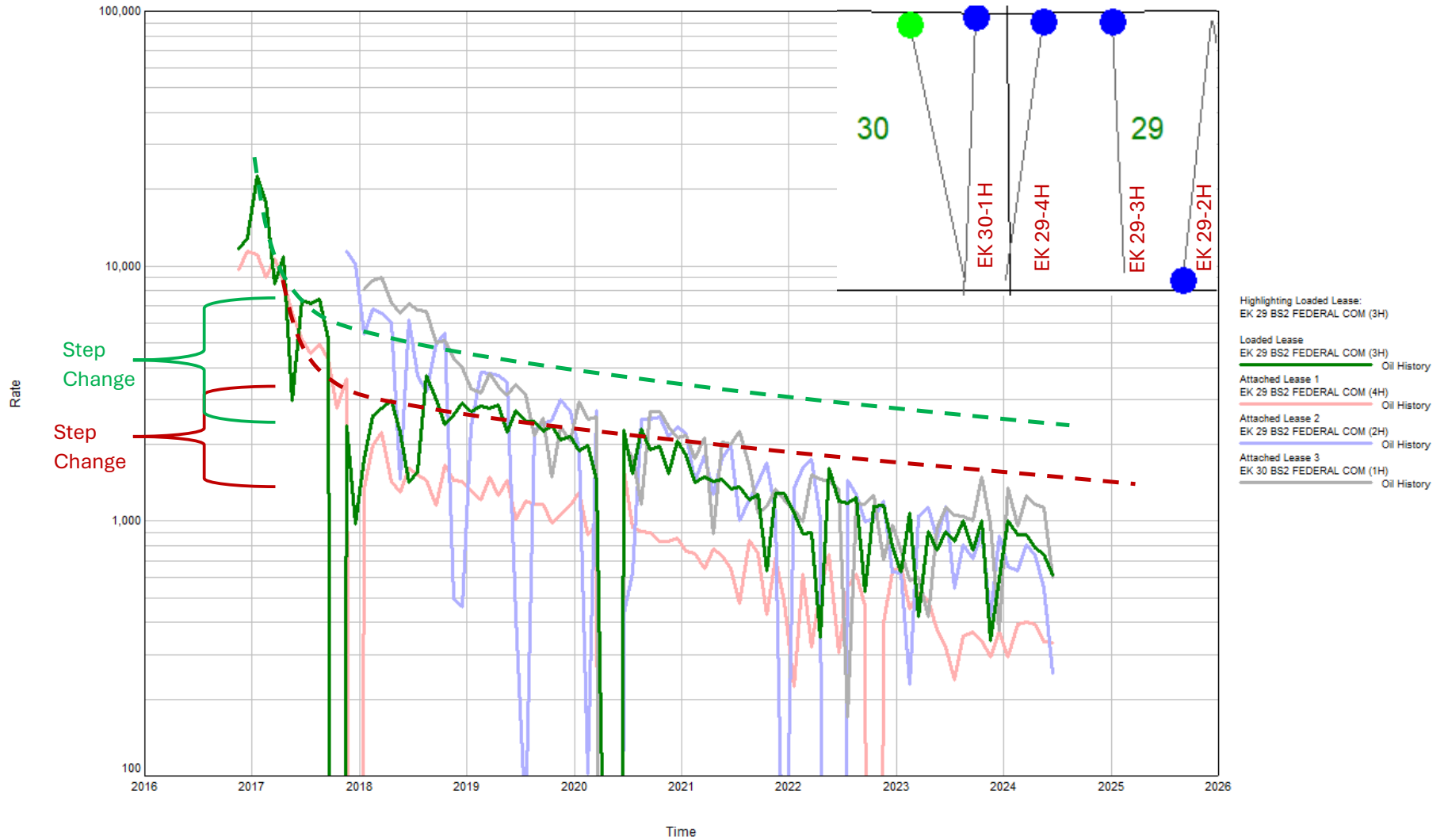
KINGFISHER STATE COM - AIRSTRIP



Kingfisher 1H and Ironhouse 24 State 4H were completed in the same timeframe, and both were severely impacted by the infill of the Kingfisher 2H

### EK Group

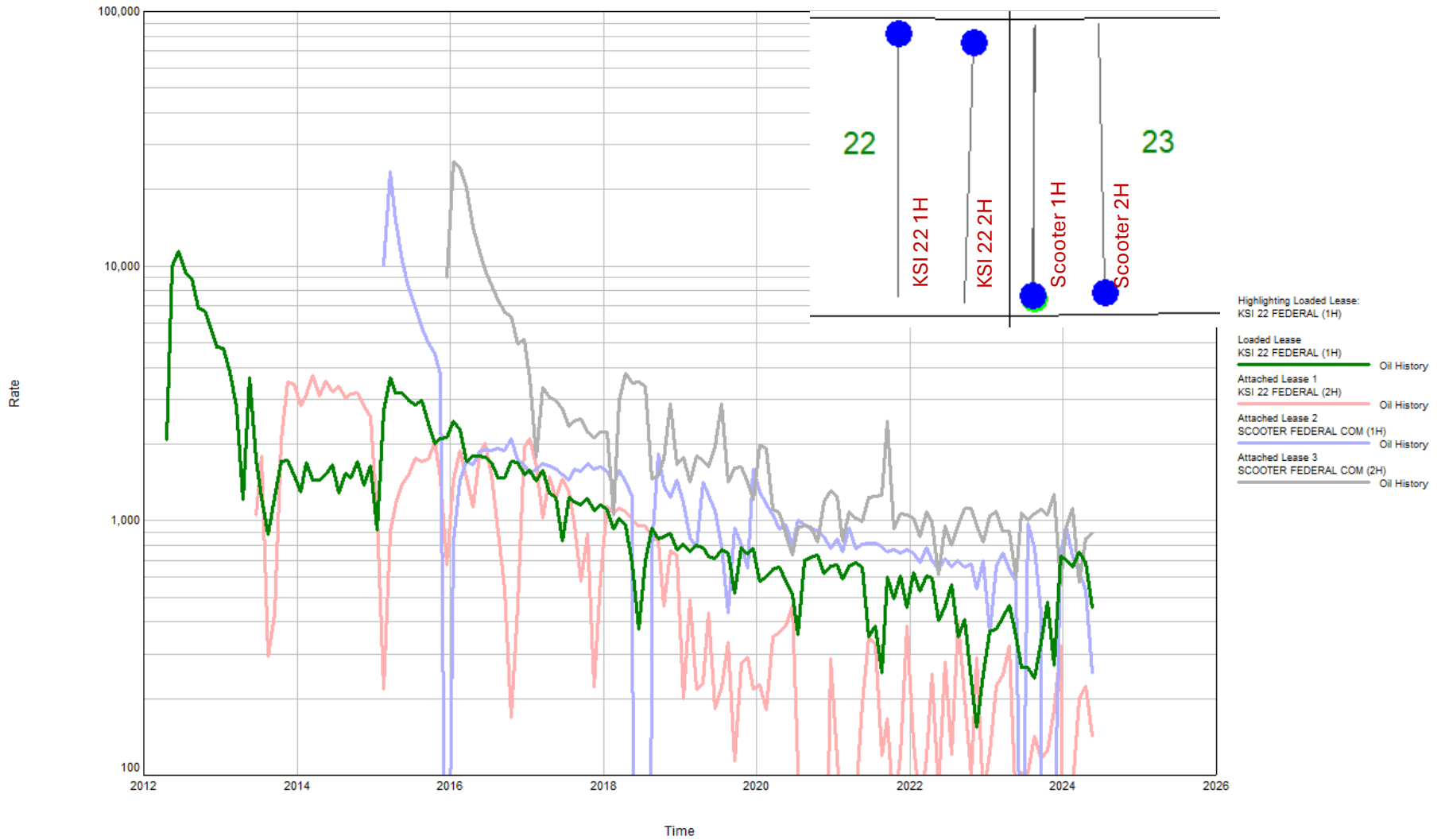
EK 29 BS2 FEDERAL COM - E-K



EK 29-4H and 29-3H wells came on at the same time. Both were impacted by their respective offsets, the Ek 29-2H for the EK 29-4H, and the EK 30-1H for the EK 29-4H. Even steeper declines from initial close density with the 3H and 4H wells had significant step change impact from the offset wells drilled

COG Group

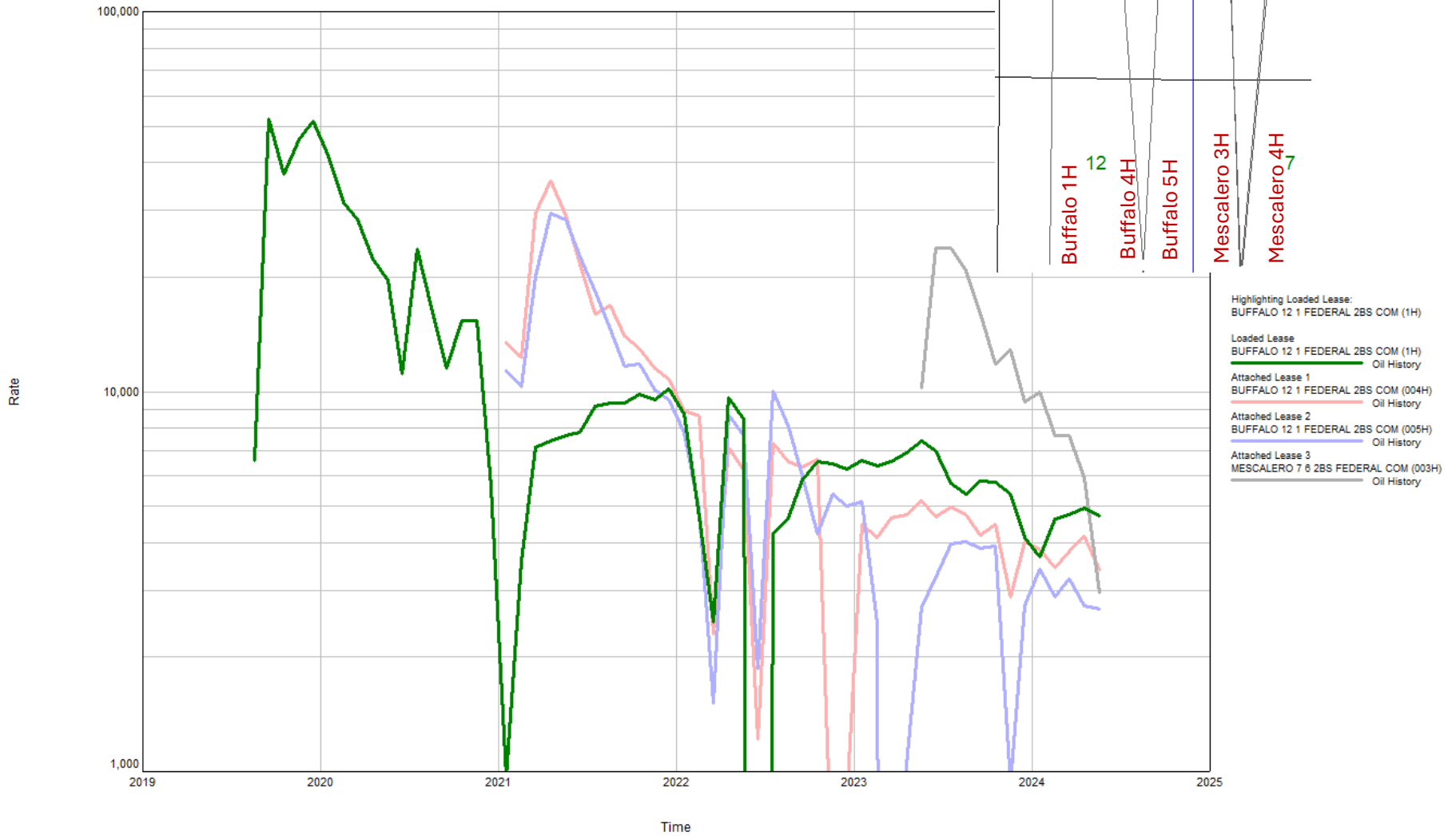
KSI 22 FEDERAL - CORBIN SOUTH



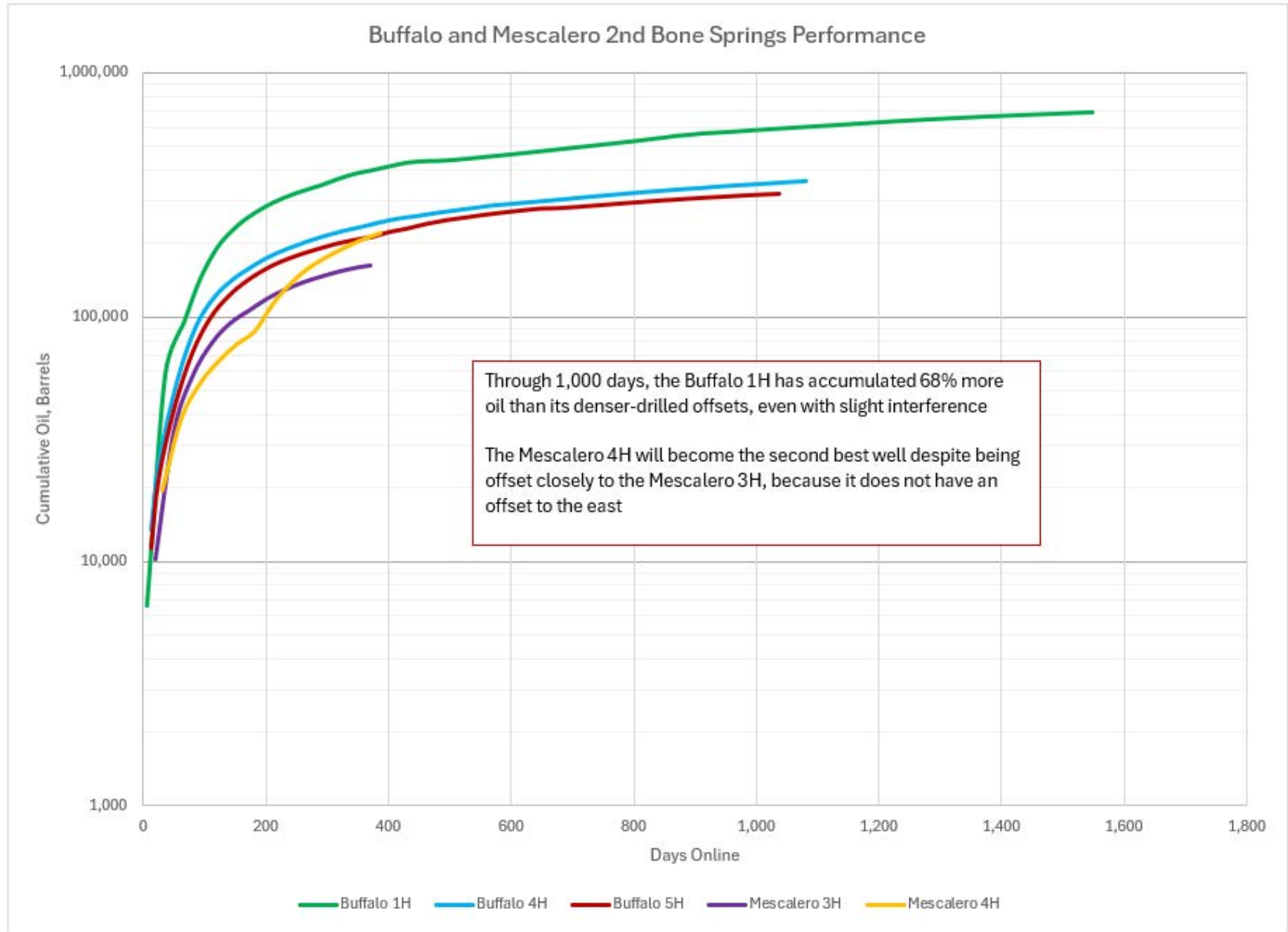
Wells gradually completed from west to east. Each time, the well offsetting it is impacted immediately by the new well  
 Extreme reactionary early for the KSI 22 1H and KSI 22 2H wells  
 The KSI 22 1H and the Scooter Federal 2H will recover more oil than the inner wells, as they don't have interference on their opposite flanks

### Buffalo and Mescalero Group

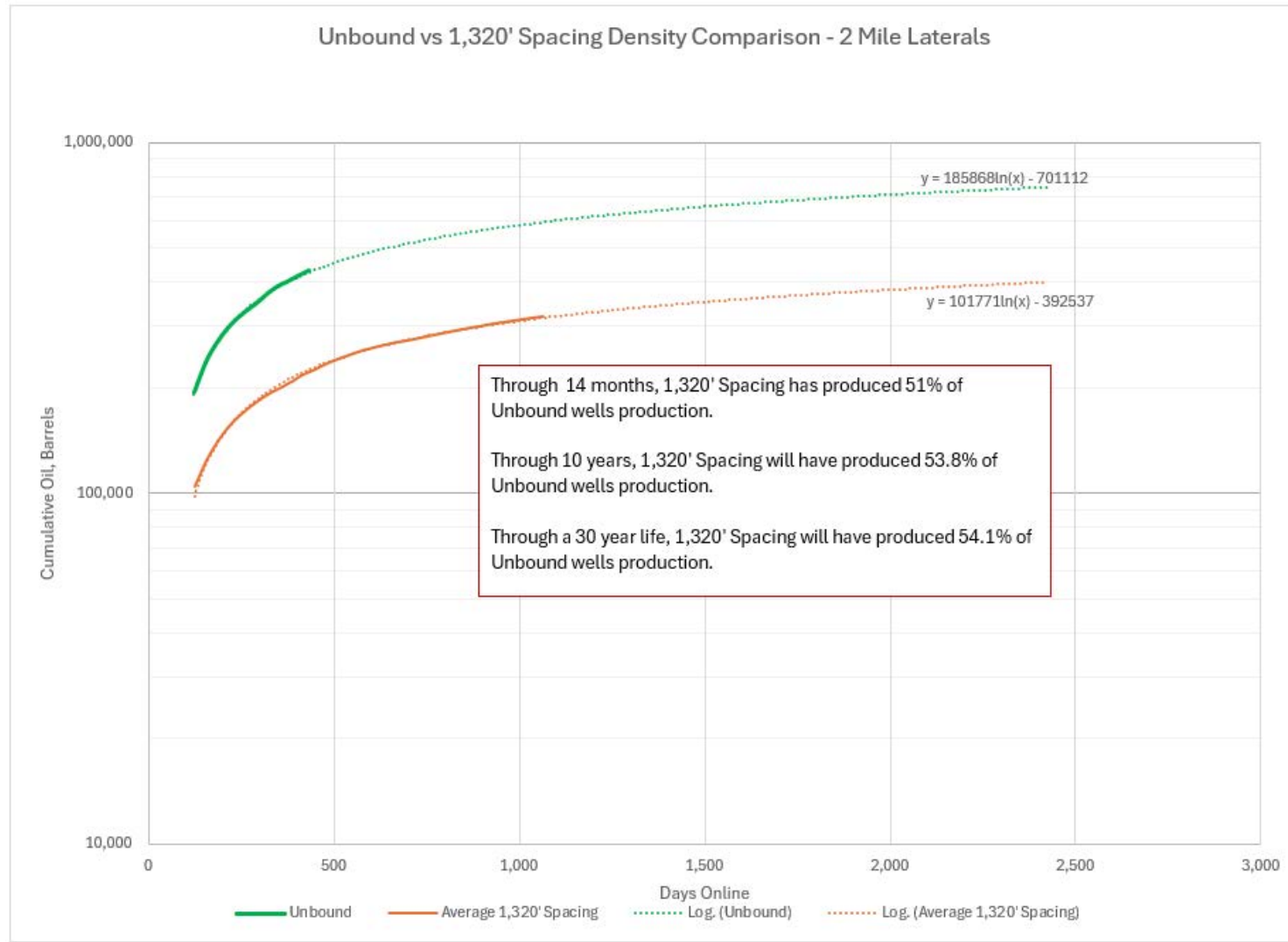
BUFFALO 12 1 FEDERAL 2BS COM - BUFFALO SOUTHEAST



Drilled from west to east over the years, these modern, 2 mile lateral wells show interference shortly after new wells are brought online. The Buffalo 12 1-H will recover the most oil by far out of these wells, as it is further spaced from the offsets and was the initial producer. The following page demonstrates this with cumulative and ultimate oil projections.







**1,320' Spacing is 4 wells per 5,280 wide DSU**

**Multiplying 4 wells by 54.1% results in 2.16 wells required for interference free development, to fully drain a mile wide DSU**

**Since we cannot drill fractions of wells, the proper density to fully drain would be 3 wells per mile wide DSU**

**Avant's proposal to drill 4 wells per mile, is unnecessary and wasteful, as 3 wells would readily and fully drain the DSU**

## Economic Impact

As it has been demonstrated that only three wells per bench is required to fully drain the DSU, and Avant proposes drilling four wells, the economic impact to the working interest owners is considerable.

For the 1<sup>st</sup> Bone Spring formation, Avant's AFEs average \$11,579,328 per well. At one unnecessary well for this formation, the working interest owners are burdened by \$11,579,328 in unnecessary expenditures.

For the 2<sup>nd</sup> Bone Spring formation, Avant's AFEs average \$11,698,701 per well. At one unnecessary well for this formation, the working interest owners are burdened by \$11,698,701 in unnecessary expenditures.

For the 3<sup>rd</sup> Bone Spring formation, Avant's AFEs average \$11,753,101 per well. At one unnecessary well for this formation, the working interest owners are burdened by \$11,753,101 in unnecessary expenditures.

**For drilling and completion, the working interest owners are burdened by \$35,031,130 in unnecessary expenditures.**

With three unnecessary wells, assuming \$15,000/well/month lifetime average in operating costs, over 30 years, an additional **\$16,200,00** in excess costs will burden the working interest owners.

**Total excess costs over the life of the wells would thus be estimated at roughly \$51,000,000.**

**Resume of Ron Solt**

Bachelor's of Business – Western Illinois University - 2001

Juris Doctorate – South Texas College of Law - 2006

My current role is as Land Manager of Prima Exploration, Inc, where I have been employed for approximately 3 years. I have 18 years of experience in various land and managerial roles. I have worked and/or managed projects in Texas, New Mexico and throughout the Rocky Mountain states. I have worked the Delaware and Permian Basins in different capacities for approximately 3 years of my career. I graduated from Western Illinois University in 2001 with a Bachelor's of Business, and in 2006 I earned a Juris Doctorate from the South Texas College of Law.