

**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

SECOND AMENDED PREHEARING STATEMENT

Prima Exploration, Inc. ("Prima"), through its undersigned attorneys, submits the following Second Amended Prehearing Statement pursuant to the rules of the Oil Conservation Division ("Division"), to include the attachment of Exhibit 1, that was referenced in the previous Amended Prehearing Statement but inadvertently was not attached when the Amended Prehearing Statement was filed on August 14, 2014.

APPEARANCES

ATTORNEY

OPPOSING PARTY

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APPLICANT

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Kaiser-Francis Oil Company

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PRIMA'S STATEMENT OF THE CASE

In Case No. 24544, Avant Operating, LLC ("Avant") seeks an order (1) approving a 1280-acre, more or less non-standard spacing unit comprised of all of Sections 25 and 36, Township 18

South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Avant proposes and dedicates to the spacing unit twelve (12) Royal Oak 25 Fed Com Wells, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

PRIMA'S OBJECTIONS

After review of Avant's Amended Prehearing Statement filed August 14, 2024, and Avant's Amended Exhibits Packet also filed August 14, 2024, Prima has noted that Avant did not provide a development plan list for its initial wells. Division's Order Denying Motion to Dismiss Application dated August 13, 2024, stated that evidence shall be relevant and admissible at the August 20, 2024, contested hearing on the applicability of a Development Plan Option ("DPO"). Prima interprets this statement to mean that the issue of whether Avant needs a DPO given the number of initial wells proposed remains in the proceedings subject to examination during questioning.

For the hearing, Prima's main objection is to Avant's pooling application on the basis that Avant's proposed development plan of drilling twelve (12) wells will overproduce the Bone Spring formation in the Subject Lands. Prima submits that such overdevelopment will result in waste and the drilling of unnecessary wells which will burden working interest owners with extra costs for which they could be required to make early payments. It is Prima's position that nine (9) wells would be the optimal number of initial wells to avoid the drilling of unnecessary wells, maximize the ultimate recovery of hydrocarbons, and provide the owners with their just and equitable share of production without excessive burdens and costs.

Prima opposes Avant's well count for the unit and respectfully requests that the Division deny Avant's application if after review of the exhibits and evidence submitted at the hearing, the

Division finds that the well count for the unit is too high and would overproduce the unit by drilling unnecessary well to the detriment of the working interest owners.

Finally, given the high number of wells proposed, Prima requests that in order to mitigate the financial burden of simultaneous cash calls, the Division include the special provision attached hereto as Exhibit 1 in any Order approving Avant’s Application. Prima’s Landman, Ron Solt, will be available at the hearing to answer any questions the Division may have about the special provision as it relates to land matters.

PRIMA’S PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Ron Silt	Approx. 5	None
Engineer: David Rhodes	Approx. 15 min	Approx. 1

PROCEDURAL MATTERS

Prima requests the Division allow the submission of closing written arguments after the conclusion of the hearing and requests the Division to allow a two-week period for the submission of the closing arguments.

Respectfully submitted,

ABADIE & SCHILL, PC

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Attorneys for Prima Exploration, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on August 15, 2024:

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/s/ Darin C. Savage
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Exhibit 1

Special Provision to the Pooling Order

Operator shall submit an election to participate as well as the Estimated Well Costs (“AFE”) for each well proposed no sooner than 60 days before the commencement of the drilling of each well, and the non-operating owner of the Pooled Working Interest (“Non-Operator”) shall have 30 days upon receipt of the AFE to make an election to participate or not participate in the drilling, completing and equipping of each well. In the event Non-Operator elects to participate in any well proposed by Operator, in lieu of prepaying its proportionate share of the entire well costs, Operator shall invoice Non-Operator for its proportionate share of the actual well costs associated with each well Non-Operator so elected to participate. Such invoices shall be submitted on a monthly basis by industry standard joint interest billing procedures as such costs are actually incurred. Non-Operator shall pay such invoices within 30 days of receipt.

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State of New Mexico
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QUESTIONS

Action 374271

QUESTIONS

Operator: Prima Exploration, Inc. 250 Fillmore Street, Ste. 500 Denver, CO 80206	OGRID: 329344
	Action Number: 374271
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	2
Testimony time (in minutes)	20