

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

**APPLICATION OF BTA OIL PRODUCERS, LLC
FOR COMPULSORY POOLING, APPROVAL
OF A NON-STANDARD UNIT, AND APPROVAL
OF AN OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 26059

PRE-HEARING STATEMENT

BTA Oil Producers, LLC (“BTA” or “Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPLICANT

BTA Oil Producers, LLC

ATTORNEYS

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INTERESTED PARTY

None.

ATTORNEYS

STATEMENT OF THE CASE

BTA seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 1,279.52-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of all of irregular Sections 6 and 7, Township 20 South, Range 35 East, Lea County, New Mexico (“Unit”). The Unit will be dedicated to the following wells (“Wells”): **Denali 22503 7-6 Fed Com 1H** and **Denali 22503 7-6 Fed Com 2H** wells, to be drilled from a surface hole

location in the SE/4 SW/4 (Unit N) of irregular Section 7 to a bottom hole location in Lot 4 (NW/4 NW/4 equivalent) of irregular Section 6; **Denali 22503 7-6 Fed Com 3H** and **Denali 22503 7-6 Fed Com 4H** wells, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of irregular Section 7 to a bottom hole location in Lot 3 (NE/4 NW/4 equivalent) of irregular Section 6; **Denali 22503 7-6 Fed Com 5H** and **Denali 22503 7-6 Fed Com 6H** wells, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of irregular Section 7 to a bottom hole location in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 6; and **Denali 22503 7-6 Fed Com 7H** well, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of irregular Section 7 to a bottom hole location in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 6.

Applicant requests approval of a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC, which will create cost efficiencies, prevent waste, and protect correlative rights.

The spacing unit for the Wells partially overlaps with the spacing units for the following wells, which produce from the WC-025 G-08 S203506D; Bone Spring Pool (Code 97983):

- a. Prickly Pear 6 Federal #002H (API No. 30-025-41572) dedicated to the W/2 E/2 of Section 6, Township 20 South, Range 35 East;
- b. Prickly Pear 6 Federal #003H (API No. 30-025-41629) dedicated to the E/2 W/2 of Section 6, Township 20 South, Range 35 East;
- c. Prickly Pear 6 Federal #004H (API No. 30-025-40778) dedicated to the W/2 W/2 of Section 6, Township 20 South, Range 35 East;
- d. Lea 7 Federal #029H (API No. 30-025-45199) dedicated to the W/2 E/2 of Section 7, Township 20 South, Range 35 East;

- e. Lea 7 Federal #030H (API No. 30-025-45200) dedicated to the E/2 E/2 of Section 7, Township 20 South, Range 35 East; and
- f. Lea 7 Federal #001H (API No. 30-025-42268) dedicated to the W/2 W/2 of Section 7, Township 20 South, Range 35 East.

Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of BTA as the operator of the Unit and Wells, and a 200% charge for the risk involved in drilling and completing the Wells.

PROPOSED EVIDENCE

<u>Witness</u>	<u>Occupation</u>	<u>Estimated Time</u>	<u>Exhibits</u>
Willis D. Price III	Landman	Affidavit	Approx. 7
Darin A. Dolezal	Geologist	Affidavit	Approx. 5

PROCEDURAL MATTERS

Applicant intends to present this matter for hearing and will present by affidavit if there is no opposition to its application.

Respectfully submitted,

HARDY MCLEAN LLC

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 580781

QUESTIONS

Operator: BTA OIL PRODUCERS, LLC 104 S Pecos Midland, TX 79701	OGRID: 260297
	Action Number: 580781
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>