

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

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**IN THE MATTER OF THE APPLICATION OF RELIANT
EXPLORATION AND PRODUCTION COMPANY, LLC,
TO TERMINATE THE TEMPORARY ABANDONED
STATUS OF TWO CO2 WELLBORES DRILLED BY
OXY USA, INC. AND FOR COMPULSORY POOLING,
HARDING COUNTY, NEW MEXICO.**

CASE NO. 14412

FIRST AMENDED APPLICATION

Reliant Exploration and Production Company, LLC, (“Reliant” or “Applicant”) by and through its attorneys, Modrall, Sperling, Roehl, Harris & Sisk, P.A., and Kellahin & Kellahin, hereby amends its original application.

BACKGROUND

On November 6, 2009 Reliant filed an application seeking an order cancelling two permits to drill (“APD”) issued to OXY USA Inc. (“OXY”) for the Bravo Dome Unit 2031 Well #021 (API # 30-021-20425) and Bravo Dome Unit 2031 Well #111 (API # 30-021-20426) or, in the alternative, to pooling all mineral interests in the carbon dioxide formation underlying the all of Sections 2 and 11, T18N, R31E, NMPM, Harding County, New Mexico, forming a standard 640-acre gas spacing and proration units for the Bravo Dome Carbon Dioxide Gas Pool for each of these wells.

After this case was filed, on December 21, 2009, OXY obtained the Division’s approval to temporary abandon (“T/A”) these two wellbores, hoping to remedy its violation of the Division’s rules and render Reliant’s application to cancel these two APDs moot. Indeed, OXY has now filed a Motion to Dismiss on January 25, 2010,

noting "OXY has approved applications to temporarily abandoned each of these wells and is awaiting on the weather to complete this work."

OXY's action compels Reliant to amend its application to terminate the approvals to T/A the wells and to seek operation of these two wellbores. Accordingly, Reliant hereby amends its Application stating:

FACTS

- (1) On May 1, 2007, OXY filed applications to drill the Bravo Dome Unit Wells No. 021 and No. 111 each dedicated 160-acre spacing units instead of 640-acre unit.
- (2) Pursuant to these approved APDs, approved on May 4, 2007, the No 021 was spud on September 18, 2007 and completed on April 1, 2008, the No 111 was spud on September 23, 2007 and completed on April 1, 2008.
- (3) On May 22, 2008, Reliant informed OXY that OXY had obtained APDs with incorrect spacing and permitting.
- (4) On May 23, 2008, OXY admitted that numerous approved APD with 160-acre spacing instead of 640-acre spacing including its Unit 2031 Wells #021 and #111 that had already been drilled and completed.
- (5) Reliant owns mineral interests in the sections in which each of the subject wells is located.
- (6) For some 15 months, Reliant has been extensively negotiation with OXY for a mutually acceptable joint operating agreement.
- (7) No agreement has been reached for the development of these 640-acre spacing units.
- (8) On November 6, 2009, Reliant filed its application to cancel these APDs or compulsory pool these 640-acre spacing units.
- (9) After the filing of Reliant's original Application, OXY filed to place these wells in a "temporarily abandoned" status ("T/A"), which applications were approved by the Division on December 21, 2009.
- (10) On December 8, 2009, OXY filed a completion report for the Well No. 021.

- (11) OXY has improperly sought to temporarily abandon these wells and by doing so has impaired Reliant's correlative rights by failing to comply with the Division's spacing unit rules and failing to request an allowable and place these wells in production.
- (12) Pursuant to NMSA 1978, § 70-2-17(C) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Reliant requests an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
- (13) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "B" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for March 4, 2010.

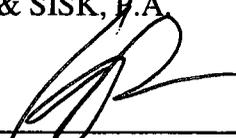
REQUESTED RELIEF

WHEREFORE, Reliant Exploration and Production Company, LLC, as applicant, requests that this application be set for hearing on March 4, 2010 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order vacating the Temporarily Abandoned status for the above-described wells and pooling the mineral interests described in the appropriate 640-acre spacing units for these wells upon terms and conditions which include:

- (a) Reliant Exploration and Production Company, LLC be named operator;
- (b) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping, producing and operating the well;
- (c) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well;
- (d) Provision for overhead rates per month drilling and per month operating costs and a provision providing for an adjustment method of the overhead rates as provided by COPAS; and
- (e) For such other and further relief as may be proper.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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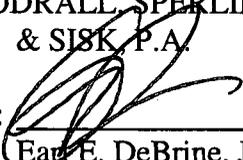
Attorneys for Applicant

WE HEREBY CERTIFY that a true
and correct copy of the foregoing was
mailed to the following counsel of
record this 5th day of February, 2010:

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MODRALL, SPERLING, ROEHL, HARRIS
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