

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

**IN THE MATTER OF THE APPLICATION OF RELIANT
EXPLORATION AND PRODUCTION LLC,
FOR CANCELLATION OF TWO PERMITS TO DRILL
("APD") ISSUED TO OXY USA, INC. AND FOR
COMPULSORY POOLING IN HARDING COUNTY,
NEW MEXICO.**

2009 NOV -9 P 3:46
RECEIVED OGD

CASE NO. 14412

APPLICATION

Reliant Exploration and Production LLC, ("Reliant" or "Applicant") by and through its attorneys, Modrall, Sperling, Roehl, Harris & Sisk, P.A., and Kellahin & Kellahin, hereby makes application to the Oil Conservation Division for an order cancelling two permits to drill ("APD") issued to OXY USA Inc. for the Unit 2031 Well #021 (API # 30-021-20425) and Unit 2031 Well #111 (API # 30-021-20426). → 700 F#8: 1700 FE G

Alternatively, Reliant requests an order 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 two standard 640-acre gas spacing and proration units for the Bravo Dome Carbon Dioxide Gas Pool for each of these wells. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as the operator of the two wells but with no charge for the risk involved in these wells.

In support of its Application Reliant states:

(1) OXY USA, Inc. ("OXY") is an operator which was granted approval by the Division to drill the following carbon dioxide wells in Harding County, New Mexico:

- a. Bravo Dome Carbon Dioxide Unit 2031 well #021, API #30-021-20425. This well is located in T. 18N, R. 31E, Section 2. The APD for this well was approved by the Division on 5-4-07.
- b. Bravo Dome Carbon Dioxide Unit 2031 well #111, API # 30-021-20426. This well is located in T.18N, R. 31E, Section 11. The APD for this well was approved by the Division on 5-4-07.

A copy of the APDs and Division Form C-102 for the wells are attached as Exhibits A-1 through A-2.

(2) In September, 2007, OXY drilled the Unit 2031 well #021 in Section 2 and the Unit 2031 well #111 in Section 11.

(3) Both wells were drilled as carbon dioxide gas wells within the West Bravo Dome Carbon Dioxide Gas Pool and are subject to 640-acre gas spacing units.

(4) OXY erroneously obtained Division approved applications for permits to drill ("APD") for these two well by attempting to form 160-acre spacing units for each well.

(5) Reliant is the owner of leasehold interests in the 640 spacing units for the wells.

(6) In violation of the Division's Rules and Orders, OXY has failed to complete and produce the wells which is resulting in waste of the carbon dioxide resources and the impairment of Reliant's correlative rights since Reliant is unable to drill any well on its acreage within the 640 spacing units as long as the APDs issued to OXY remain in place.

(7) Because more than 60 days have transpired since drilling operations were suspended and all of the wells have remained inactive for over a year, the Division should issue an order cancelling the APDs and requiring the wells to be plugged and abandoned or placed in temporary abandonment status in accordance with NMAC 19.15.25.8(B). Cancelling the APDs for the two wells drilled by OXY will ensure compliance with Division rules requiring the timely completion and production of wells, prevent waste and protect correlative rights.

(8) Alternatively, the Division should enter an order requiring OXY to complete and produce the wells and enter an order pooling OXY's interests with Reliant's and pay Reliant for its proportional share of production in accordance with NMSA 1978, §70-2-18.

(9) On May 22, 2008, Reliant informed OXY that OXY had obtained APDs with incorrect spacing and permitting. 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.

(10) Since then, Reliant and OXY have repeatedly discussed resolution of this matter including proposed joint operating agreements and well costs.

(11) Despite reasonable efforts, Reliant has been unable to obtain the voluntary agreement of OXY.

(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 December 17, 2009.

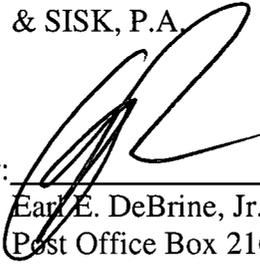
WHEREFORE, Reliant Exploration and Production Company, LLC, as applicant, requests that this application be set for hearing on December 17, 2009 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order cancelling the APDs for the above-described wells or, alternatively, pooling the mineral

interest described in the appropriate spacing unit for these wells at a standard well location upon terms and conditions which include:

- (a) OXY USA Inc. be named operator.
- (b) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping 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 and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (e) For such other and further relief as may be proper.

Respectfully submitted,

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

By: 

Earl E. DeBrine, Jr.
Post Office Box 2168
Bank of America Centre
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800

and

KELLAHIN & KELLAHIN
W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501-8744
Telephone: 505.982.4285

Attorneys for Applicant

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

MAY 03 2007

Submit to appropriate District Office

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address OXY USA Inc. P.O. Box 50250 Midland, TX 79710-0250		² OGRID Number 16696
⁴ Property Code 27111	³ Property Name Bravo Dome Carbon Dioxide Gas Unit 1831	³ API Number 30-021-20425
⁹ Proposed Pool 1 Bravo Dome Carbon Dioxide Gas 160		¹⁰ Proposed Pool 2 96010

Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
G	2	18 N	31 E		1700	north	1700	east	Harding

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County

Additional Well Location

¹¹ Work Type Code N	¹² Well Type Code C	¹³ Cable/Rotary R	¹⁴ Lease Type Code S-10-5861	¹⁵ Ground Level Elevation 4442.7'
¹⁶ Multiple No	¹⁷ Proposed Depth 2600'	¹⁸ Formation Tubb	¹⁹ Contractor N/A	²⁰ Spud Date 7/1/07
Depth to ground water >100'		Distance from nearest fresh water well >1000'		Distance from nearest surface water >1000'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume 4000 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24#	700'	300sx	Surface
7-7/8"	5-1/2"	5.9#FG/15.5#	2600'	300sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See Attachment

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines a general permit , or an (attached) alternative OCD-approved plan .
Signature: *David Stewart*

Printed name: David Stewart
Title: Sr. Regulatory Analyst
E-mail Address: david.stewart@oxy.com

Date: 5/1/07
Phone: 432-685-5717

OIL CONSERVATION DIVISION

Approved by:

Ad. Martin

Title:

DISTRICT SUPERVISOR

Approval Date: 5/4/07

Expiration Date: 5/4/08

Conditions of Approval:

Attached

EXHIBIT

A-1

ATTACHMENT C-101
BDCDGU 1831-021

PROPOSED TD: 2600' TVD

BOP PROGRAM: 0-700' None
700-2600' 8" 2M annular hydril preventer.

CASING: Surface: 8-5/8" OD 24# J55 8rd ST&C new casing set at 700'
12-1/4" hole
Centralizers from TD-Surf, every fourth joint
Production: 5-1/2" OD new casing from 0-2600'
300'-15.5# J55 8rd LTC 2300'-5.9# 10rd FG
7-7/8" hole - 5 centralizers

*This well will have fiberglass casing from surface to the productive interval (Tubb). Steel casing will be used across the Tubb. The fiberglass casing must penetrate the Cimarron at a minimum. The optimum point for setting the fiberglass casing is at the midpoint of the Cimarron formation.

CEMENT: Surface - Circulate cement with 300sx Premium Plus with 2% CaCl₂ + .25#/sx Poly E Flake, (WT-14.8ppg, Yld-1.34cf/sx, FW-6.3g/sx)

Production - Cement with 150sx Premium Plus with 3% CaCl₂ + .25#/sx Poly E Flake, (WT-11.1ppg, Yld-3.27cf/sx, FW-20.47g/sx) followed by 150sx Premium Plus with 3% CaCl₂ + .25#/sx Poly E Flake, (WT-13.2ppg, Yld-1.86cf/sx, FW-9.93g/sx)

MUD: 0-700' Fresh water/native mud.
Wt 8.6-9.2ppg, Vis 32-36sec
700-2600' Fresh water/Starch/Gel
pH control as needed.
Wt 9.0-9.2ppg, Vis 28-29sec

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-021-20425	Pool Code 96010	Pool Name BRAVO DOME CARBON DIOXIDE GAS 160
Property Code 27111	Property Name BRAVO DOME CARBON DIOXIDE GAS UNIT 1831	Well Number 021
OGRID No. 16696	Operator Name OXY USA INC.	Elevation 4442.7

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
G	2	18 N	31 E		1700'	NORTH	1700'	EAST	HARDING

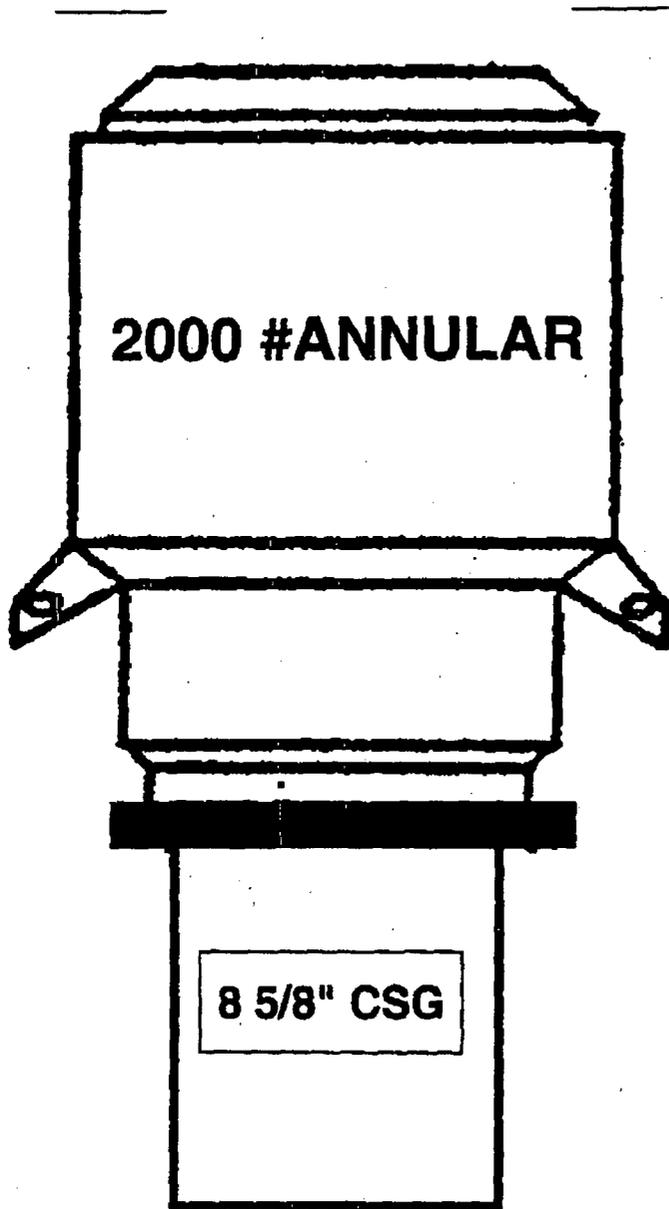
Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 160	Joint or Infill N	Consolidation Code	Order No.
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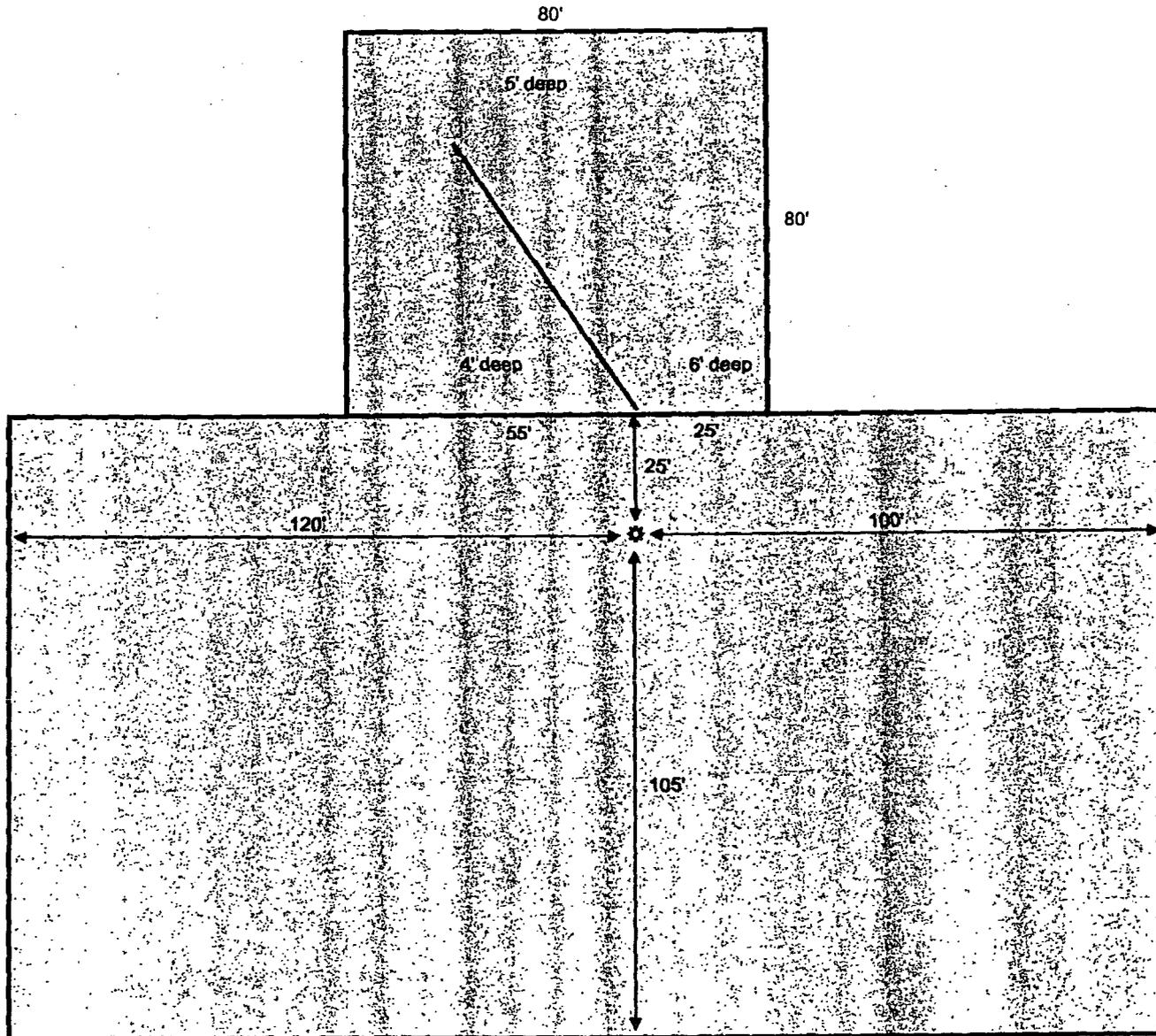
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>2</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>David Stewart</i> Signature David Stewart Printed Name Sr. Regulatory Analyst Title 5/1/07 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>November 10, 2006 Date of Survey Signature and Seal of Professional Surveyor <i>Jerry [Signature]</i> 15079 Certificate Number</p>

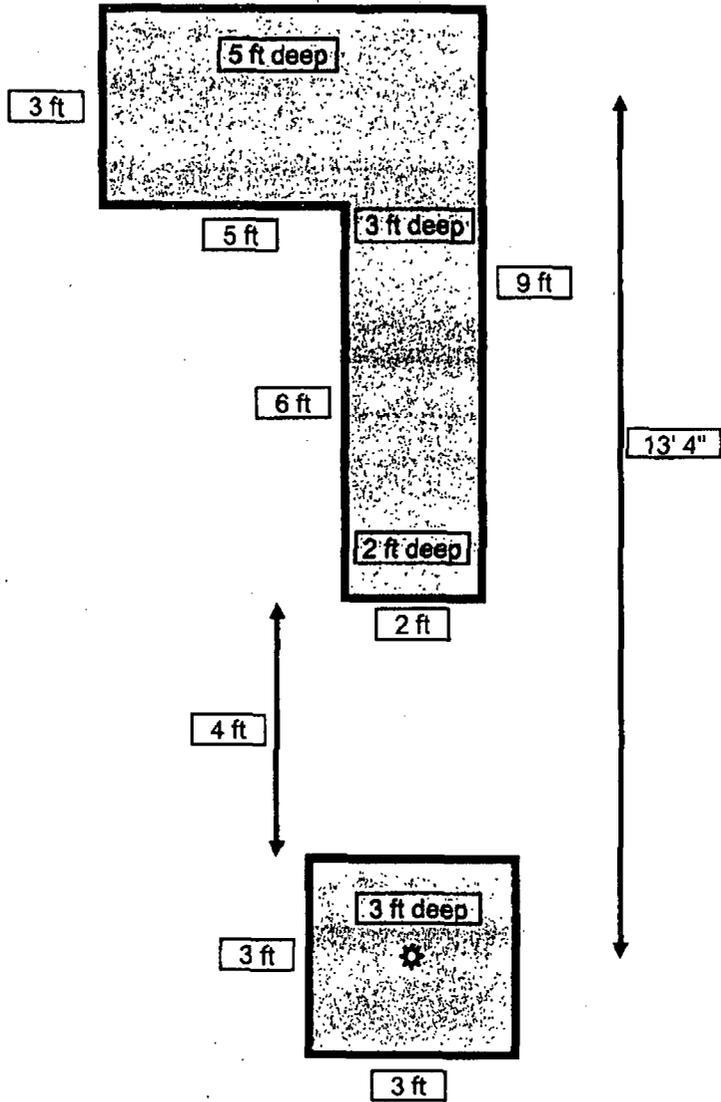


BRAVO DOME 2003 DRILLING PROJECT BOP DIAGRAM

**Bravo Dome Unit
Location and Pit Design
Cheyenne Rig 8**



**Bravo Dome Unit
Cellar and Sump Pit
Cheyenne Rig 8**



RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division **MAY 03 2007** Submit to appropriate District Office
1220 S. St. Francis Dr.
Santa Fe, NM 87505 Oil Conservation Division AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address OXY USA Inc. P.O. Box 50250 Midland, TX 79710-0250		² OGRID Number 16696
⁴ Property Code 27111	⁵ Property Name Bravo Dome Carbon Dioxide Gas Unit 1831	³ API Number 30-021-20426
⁹ Proposed Pool 1 Bravo Dome Carbon Dioxide Gas 160 96010		¹⁰ Proposed Pool 2 111

Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
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Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County

Additional Well Location

¹¹ Work Type Code N	¹² Well Type Code C	¹³ Cable/Rotary R	¹⁴ Lease Type Code S-LG4605	¹⁵ Ground Level Elevation 4441'
¹⁶ Multiple No	¹⁷ Proposed Depth 2600'	¹⁸ Formation Tubb	¹⁹ Contractor N/A	²⁰ Spud Date 7/1/07
Depth to ground water >100'		Distance from nearest fresh water well >1000'		Distance from nearest surface water >1000'
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Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24#	700'	300sx	Surface
7-7/8"	5-1/2"	5.9#FG/15.5#	2600'	300sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

See Attachment

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines a general permit , or an (attached) alternative OCD-approved plan .
Signature: *David Stewart*

Printed name: David Stewart
Title: Sr. Regulatory Analyst
E-mail Address: david.stewart@oxy.com
Date: 5/1/07
Phone: 432-685-5717

OIL CONSERVATION DIVISION	
Approved by: <i>Ed Martin</i>	Title: DISTRICT SUPERVISOR
Approval Date: 5/4/07	Expiration Date: 5/4/08
Conditions of Approval: Attached <input type="checkbox"/>	

EXHIBIT
A-2

ATTACHMENT C-101
BDCDGU 1831-11

PROPOSED TD: 2600' TVD

BOP PROGRAM: 0-700' None
700-2600' 8" 2M annular hydril preventer.

CASING: Surface: 8-5/8" OD 24# J55 8rd ST&C new casing set at 700'
12-1/4" hole
Centralizers from TD-Surf, every fourth joint
Production: 5-1/2" OD new casing from 0-2600'
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MUD: 0-700' Fresh water/native mud.
Wt 8.6-9.2ppg, Vis 32-36sec
700-2600' Fresh water/Starch/Gel
pH control as needed.
Wt 9.0-9.2ppg, Vis 28-29sec

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Form C-102
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-021-20426	Pool Code 96010	Pool Name BRAVO DOME CARBON DIOXIDE GAS 160
Property Code 27111	Property Name BRAVO DOME CARBON DIOXIDE GAS UNIT 1831	Well Number 111
OGRID No. 16696	Operator Name OXY USA INC.	Elevation 4441.0

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
G	11	18 N	31 E		1700'	NORTH	1700'	EAST	HARDING

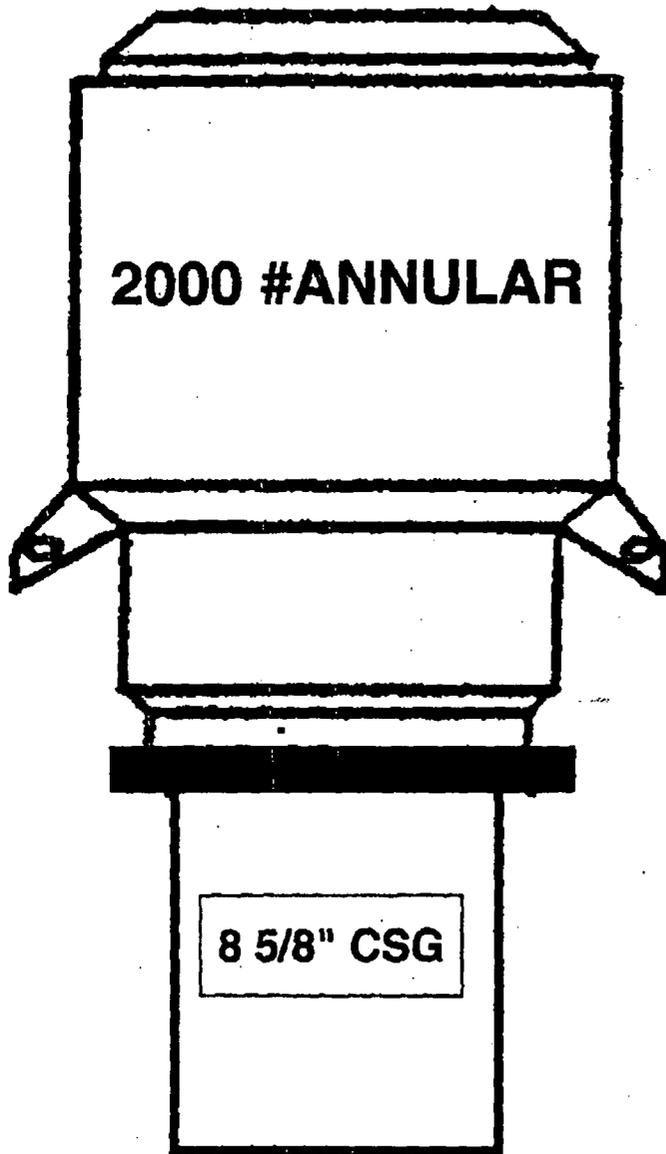
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UL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 160	Joint or Infill N	Consolidation Code	Order No.
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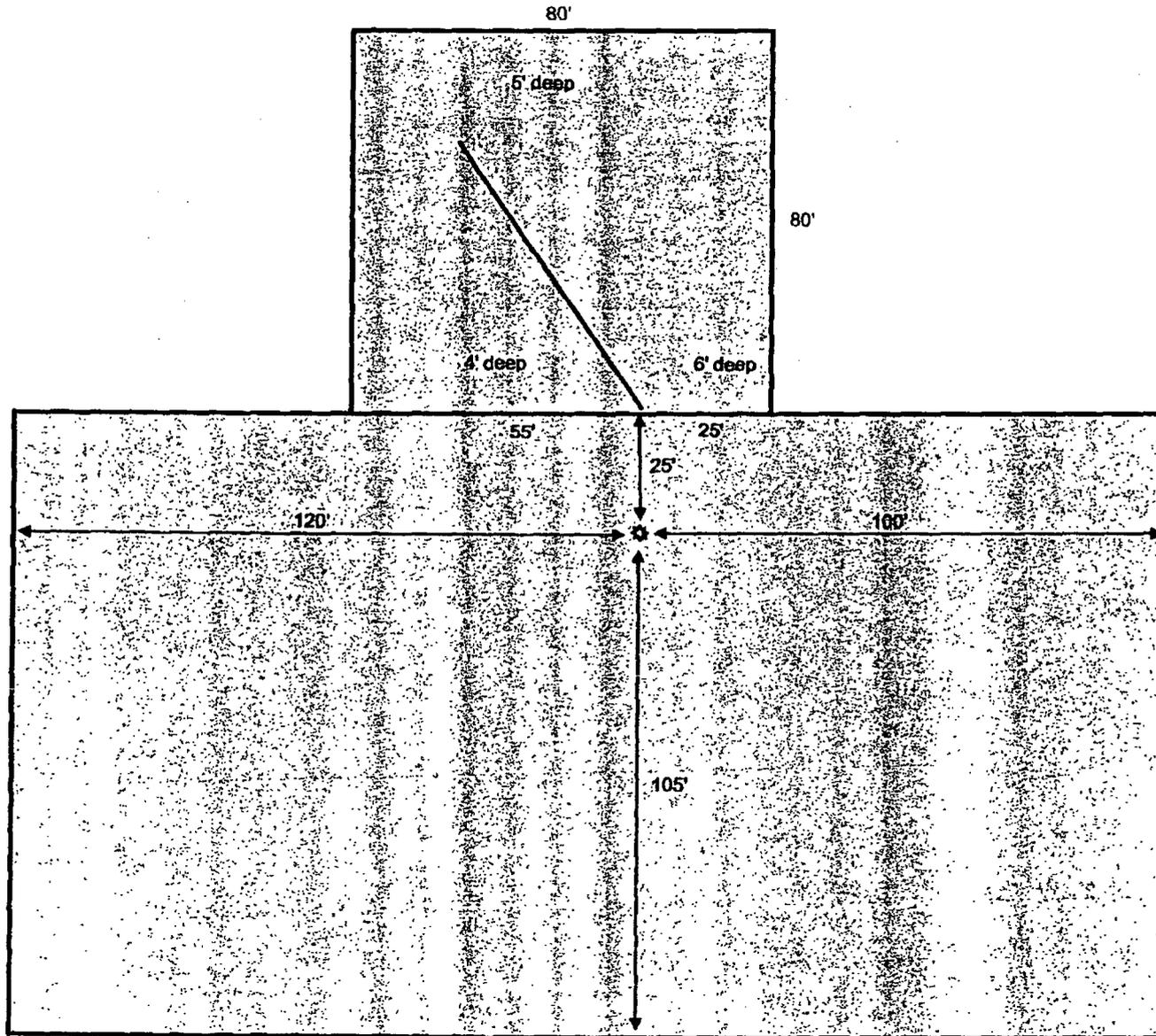
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>11</p> <p>NM-E NAD27 Lat - 35° 48' 26.22" Lon - 103° 36' 43.24" X - 713881.28 Y - 1749867.24</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>David Stewart</i></p> <p>Signature David Stewart</p> <p>Printed Name Sr. Regulatory Analyst</p> <p>Title 5/1/07</p> <p>Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>November 10, 2006</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number 15079</p>



BRAVO DOME 2003 DRILLING PROJECT BOP DIAGRAM

Bravo Dome Unit
Location and Pit Design
Cheyenne Rig 8



**Bravo Dome Unit
Cellar and Sump Pit
Cheyenne Rig 8**

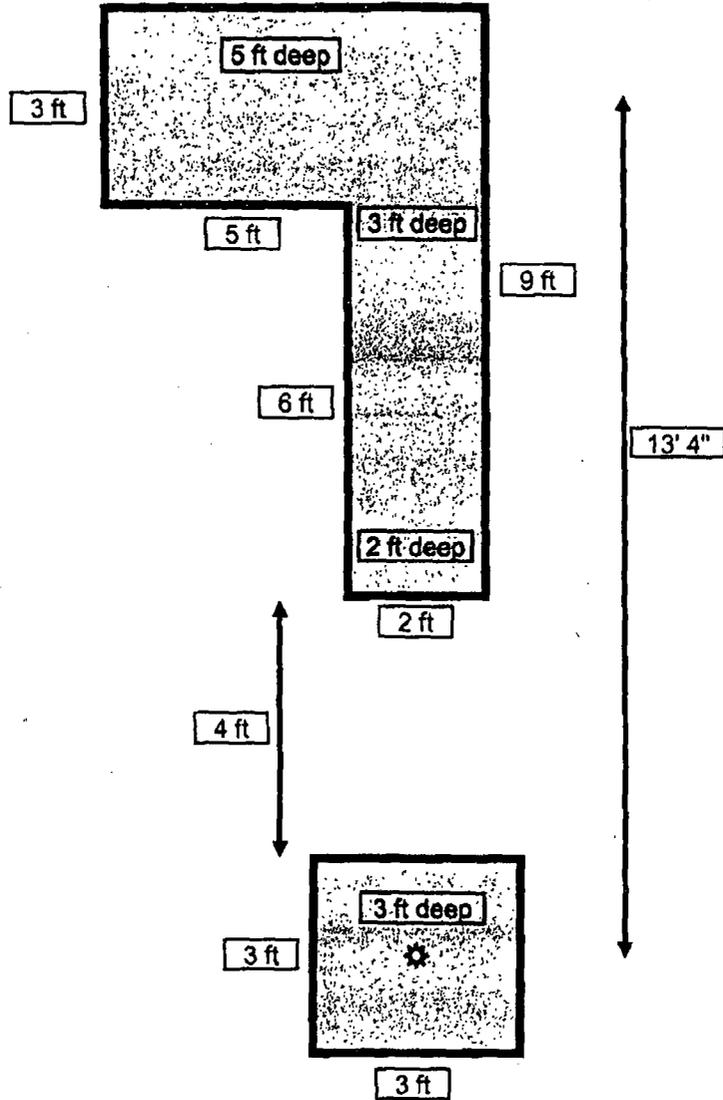


EXHIBIT "B"

Hess Corporation
P.O. Box 840
Seminole, TX 79360

OXY USA Inc.
P.O. Box 4294
Houston, TX 77210

CASE 14412: Application of Reliant Exploration & Production LLC for cancellation of two permits to drill or in the alternative for compulsory pooling, Harding County, New Mexico. Applicant seeks an order cancelling two permits to drill issued to Oxy USA, Inc. for the following carbon dioxide wells in Township 20 North, Range 31 East NMPM in Harding County, New Mexico; or alternatively, an order pooling two 640-acre spacing units all mineral interests within all of Section 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. The unit in Section 2 is to be dedicated to OXY USA Inc's Unit 2031 Well #021 (API # 30-021-20425) already drilled in Unit G. The unit in Section 11 is to be dedicated to OXY USA Inc's Unit 2031 Well #111 (API # 30-021-20426) already drilled in Unit G. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well. These units are located approximately 16 miles east-northeast of the Mosquero, New Mexico.

RECEIVED OCD
2009 NOV -9 P 3:46