

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

**IN THE MATTER OF THE APPLICATION OF OXY USA WTP, LLC AND CANAAN
RESOURCES DRILLING COMPANY, LLC TO REOPEN AND AMEND
ORDER NO. R-20279 *NUNC PRO TUNC***

UNDERLYING MATTER:

**IN THE MATTER OF THE APPLICATION OF CENTENNIAL RESOURCE
PRODUCTION, LLC TO REOPEN CASE NO. 16265 TO ADD ADDITIONAL INITIAL
WELLS UNDER THE TERMS OF COMPULSORY POOLING ORDER NO. R-20001,
LEA COUNTY, NEW MEXICO**

CASE NO. 16265 (REOPENED)

PRE-HEARING STATEMENT

OXY USA WTP, LLC (“OXY”) and CANAAN RESOURCES DRILLING COMPANY,
LLC, through undersigned counsel, file this Pre-Hearing Statement pursuant to section
19.15.4.13.B NMAC.

APPEARANCES

APPLICANTS
OXY USA WTP, LLC
Canaan Resources Drilling Company

APPLICANTS’ ATTORNEY
Dalva L. Moellenberg
GALLAGHER & KENNEDY, PA
1239 Paseo de Peralta
Santa Fe, NM 87501-2758
Phone: (505) 982-9523
Fax: (505) 983-8160
d1m@gknet.com

OPPONENT
Centennial Resource Production, LLC

OPPONENT’S ATTORNEY
Ernest L. Padilla
Padilla Law Firm, P.A.
P.O. Box 2523
Santa Fe, NM 87504
(505) 988-7577
padillalaw@qwestoffice.net

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STATEMENT OF THE CASE

Applicants seek to reopen Order No. R-20279 (the “Order”) to amend paragraph (13) of the Order *nunc pro tunc* to clarify OXY’s and CANAAN’s rights, as a pooled working interest owners, to pay in advance their share of estimated wells costs, rather than having the operator withhold those costs from OXY’s and/or CANAAN’s share of production, along with a risk charge as provided in paragraph (16) of the Order. Applicants further request that the Division declare that CANAAN timely exercised the right to elect pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production along with any applicable penalties and that CANAAN is not subject to a risk charge.

PROPOSED EVIDENCE

Applicants’ Proposed Evidence

WITNESS	ESTIMATED TIME	EXHIBITS
None	N/A	N/A

PROCEDURAL MATTERS

This matter is set for hearing on July 11, 2019. Opponent Centennial Resource Production, LLC filed a Motion to Dismiss on July 1, 2019. Applicants intend to file a written response to the Motion to Dismiss by July 10 and may file a separate Motion. Along with their written Response, Applicants will request a Pre-Hearing Conference to hear the Motion(s). Applicants anticipate that a decision on the Motion to Dismiss could be dispositive of this case. Applicants reserve the right to file an amended Pre-Hearing Statement to identify additional evidence for a hearing depending upon whether there are any factual issues requiring a hearing

following decision on the Motion. Based on the pending Motion, Applicants request that this case be continued from the July 11 hearing docket.

RESPECTFULLY SUBMITTED

Gallagher & Kennedy, P.A.

By  _____

Dalva L. Moellenberg

1239 Paseo de Peralta

Santa Fe, New Mexico 87501

dln@gknet.com

(505) 989-7278

Counsel for OXY USA WTP, LLC and
CANAAN RESOURCES DRILLING
COMPANY, LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 3rd day of July, 2019 via e-mail:

Ernest L. Padilla
Padilla Law Firm, P.A.
P.O. Box 2523
Santa Fe, NM 87405
(505) 988-7577
padillalaw@qwestoffice.net

Michael H. Feldewert, Esq.
Julia Broggi, Esq.
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504
(505) 998-4421
mfeldewert@hollandhart.com
jbroggi@hollandhart.com
Attorneys for Centennial Resource Production, LLC



Dalva L. Moellenberg