

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

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**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF HEARING:**

**APPLICATION OF RANGE OPERATING NEW MEXICO, INC.
FOR AN EXTENSION OF EMERGENCY ORDER R-12800 FOR
SURFACE COMMINGLINGLY AND OFF-LEASE SALE,
LEA COUNTY, NEW MEXICO**

CASE 13983

PRE-HEARING STATEMENT

Range Operating New Mexico, Inc. submits this pre-hearing statement as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

Range Operating New Mexico, Inc.
777 Main St. Suite 800
Fort Worth, Texas 76102
Attn: Robert Ebeier
817-870-2601

ATTORNEY

Thomas Kellahin, Esq.
706 Gonzales Road
Santa Fe, New Mexico 87501
505-982-4285

OPPONENTS

None

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

Range Operating New Mexico, Inc. ("Range") seeks an extension of Division's Emergency Order R-12800 dated August 13, 2007 that if not extended will by rule expire on August 28, 2007.

On Friday, August 3, 2007, Range learned that Southern Union would be making repairs to its gathering system pipeline which resulted in a Range shut-in of forty-six (46) wells due to pipeline repairs. Southern Union found the line leak that Friday and called Range to shut in the wells for a line repair. The more Southern Union dug to figure out how large the leak was, the more they realized how bad of a condition the line is in. This is a 50 year old line that apparently is showing its age. Range understands that Southern Union is replacing 7,000' to 8,000' of the line. Range's affected wells were producing a total of 9.9 MMCFPD with a value of approximately \$80,000 per day. It is estimated by Southern Union that it may take until August 20, 2007, to complete the pipeline repairs and it is likely that the date could be closer to August 30, 2007.

On August 10th, as a temporary solution, Range obtained approval from the Division to commence constructing 3" poly lines to temporarily transfer gas off leases that are shut-in to other Range leases that are active sales points. The temporary usage of the poly lines is estimated to last approximately 20 days and is outlined below. All gas will be metered with electronic flow meters at the original lease, and sales will be allocated back to the leases on a BTU basis using these meters. Separation of oil and gas will continue to be at the original lease. There will not be any off lease movement or sales of the oil. See Exhibits 1, 2, and 3 from the original application for the Emergency Hearing Order. Exhibits 1 and 2 depict how the poly lines are installed and what leases they connect. Exhibit 3 lists all wells involved in the off-lease sales of gas.

On August 13, 2007, the Division issued Emergency Order No. R-12800. Because the Division, by rule, can not issue an emergency order for longer than fifteen days without a hearing, this matter has been set for hearing on the Division's August 23, 2007 Examiner's docket scheduled to start at 8:15 am.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Deanna Poindexter (PE)	30 min	@ 8

PROCEDURAL MATTERS

None

KELLAHIN & KELLAHIN



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CERTIFICATE OF SERVICE

I certify that on August 16, 2007, I served a copy of the foregoing documents by:

- US Mail, postage prepaid
- Hand Delivery
- Facsimile

to the following:

Gail MacQuesten, Esq.
Attorney for OCD



W. Thomas Kellahin