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August 10, 2007

Hand Delivered

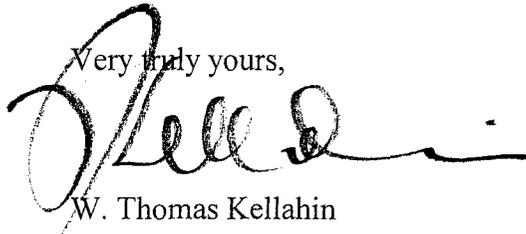
Mr. Mark Fesmire, P.E., Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for an Emergency Order
Range Operating New Mexico, Inc. for
an Emergency Order authorizing an exception
to Division Rules, including Rule 403 to allow
for the temporary transfer and sale of produced
gas "off-lease" Lea County, New Mexico

Dear Mr. Fesmire:

On behalf of Range Operating New Mexico, Inc. please find our application for an
Emergency Order as reference above.

Very truly yours,



W. Thomas Kellahin

cc: Oil Conservation Division District-1
Attn: Chris Williams, Supervisor

Range Operating New Mexico, Inc.
Attn: Deanna Poindexter, District Engineer

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

APPLICATION OF RANGE OPERATING NEW MEXICO INC.
FOR AN EMERGENCY ORDER TEMPORARILY
PERMITTING THE "OFF-LEASE" SALE AND
MEASUREMENT OF PRODUCED GAS,
LEA COUNTY, NEW MEXICO

CASE NO. _____
ORDER NO. E-_____

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VERIFIED APPLICATION

Come now Range Operating New Mexico, Inc. ("Range") by their attorney, W. Thomas Kellahin, Kellahin & Kellahin, and in accordance with Division Rule 1225, applies the New Mexico Oil Conservation Division for an Emergency Order temporarily permitting the "off-lease" sale and measurement of gas produced from forty-six (46) wellbores, Lea County, New Mexico;

AND in support states:

1. On Friday, August 3, 2007, Range learned that Southern Union would be making repairs to its gathering system pipeline which resulted in Range shutting in forty-six (46) wells due to pipeline repairs. **Attached as Exhibit (3) is a list of all the affected wellbores.**

2. The 46 wells are located within a total of seven areas. Each of the seven areas has common ownership. Because each area has common ownership and the production will not be commingled until it is accurately metered with an electronic flow meter on the lease, there is no reason that notice of this application needs to be sent to those owners. The production from the wells in each area is gathered at a central battery, measured, and sold. Range proposes to install a temporary gathering line system so that the gas production is moved to an alternative site where sales to Southern Union are still possible and are not affected by Southern Union's repairs.

3. These wells were producing a total of 9.9 MMcfpd with a value of approximately \$80,000 a day.

4. It is estimated by Southern Union that it may take until August 20, 2007 to complete the pipeline repairs with it likely that the date could be closer to August 30th.

5. As a temporary solution, Range Operating New Mexico, Inc., (Range) proposes to install 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 Maps of the proposed pipeline system attached as Exhibit 1 and Exhibit 2**

6. Exhibit 1: Covers three areas with each having common ownership:

- (a) The Greenwood lease located on the S/2 of Section 9-22S-37E, Lea County, New Mexico, is composed of 10 wells all producing from the Eunice San Andres SW pool. These wells produce to a central tank battery located on the lease where all oil and water are separated from the gas. The oil is stored in tanks and sold directly at the lease. The gas is metered through an allocation meter. A 3" poly line will connect downstream of the allocation meter to transport the gas north of the lease to Range's Brunson lease located in the SE/4 of the NE/4 and NE/4 of the SE/4 of Section 4-22S-37E, Lea County, New Mexico. The poly line will tie in downstream of the Brunson's allocation meter and both streams will go through Southern Union's sales meter and into their sales line.
- (b) The Penrose lease is located in the SW/4 of the NW/4 of Section 9-22S-37E, Lea County, New Mexico. This lease has 4 wells that produce from the Eunice San Andres SW, Paddock, and Drinkard pools (See Exhibit 3 for a list of the wells with their respective pools). The wells produce into a central tank battery where the oil and water are separated from the gas. The oil is stored in tanks and sold directly at the lease. The gas is metered through an allocation meter. A 3" poly line will connect downstream of the allocation meter to transport the gas east to the 3" poly line that is running north and south between the Brunson and Greenwood leases. Here, it will tie in to this line and be transported to the Brunson where the 3" poly line connects upstream of the gas sales meter and downstream of the Brunson allocation meter.

7. Exhibit 2: Covers four areas with each having common ownership:

- (a) The Grizzell B lease is located in the S/2 of the NE/4 of Section 8-22S-37E, Lea County, New Mexico. The lease has 6 wells that produce from the Blinebry Oil & Gas, Drinkard, Wantz Abo, Paddock, and Eunice San Andres SW pools (See Exhibit 3 for a list of the wells with their respective pools). The wells produce into a central tank battery where the oil and water are separated from the gas. The oil is stored in tanks and sold directly at the lease. The gas is metered through an allocation meter. A 3" poly line will connect downstream of the allocation meter transport the gas north to the Grizzell A battery located in the SW/4 of the SE/4 of Section 5-22S-37E, Lea County, New Mexico
- (b) The Grizzell lease is located in the SW/4 of the SE/4 and the NW/4 of the SE/4 of Section 5-22S-37E, Lea County, New Mexico. This lease has 6 wells that produce from the Penrose Skelly, Grayburg, Eunice San Andres SW, Blinebry Oil & Gas, Tubb Oil & Gas, and Drinkard pools (See Exhibit 3 for a list of the wells with their respective pools). The wells

produce into a central tank battery where the oil and water are separated from the gas. The oil is stored in tanks and sold directly at the lease. The gas is metered through an allocation meter. A 3" poly line will be run between the Grizzell Battery and the Simmons Battery located in the SW/4 of the NE/4 of Section 5-22S-37E, Lea County, New Mexico. This line will be connected downstream of the Grizzell allocation meter. The 3" poly line running up from the Grizzell B lease will tie in to this 3" poly line after it has picked up the Grizzell gas. The 3" poly line will then transport gas from both the Grizzell B and the Grizzell leases north to the Simmons battery. It will tie in downstream of the Simmons allocation meter upstream of the sales meter to deliver all three leases into the sales line.

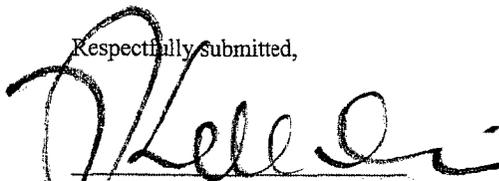
(c) The Elliott B Federal lease is located in the NE/4 of Section 7 and the SE/4 of Section 6-22S-37E, Lea County, New Mexico. The lease has 15 wells on it that produce from the Eumont, Yates, Seven Rivers, Queen, Penrose Skelly, Grayburg, Eunice San Andres SW, Blinbery Oil & Gas, Tubb Oil & Gas, and Drinkard pools (See Exhibit 3 for a list of the wells with their respective pools). The wells produce into a central tank battery where the oil and water are separated from the gas. The oil is stored in tanks and sold directly at the lease. The gas is metered through an allocation meter. A 3" poly line will be run between the Elliott B Federal battery and the Simmons battery. This line will connect downstream of the allocation meter on the Elliott B Federal and transport the gas east to the Simmons battery where it will connect downstream of the Simmons allocation meter and upstream of the sales meter.

(d) The Grizzell A lease is located in the SE/4 of the SE/4 of Section 6-22S-37E, Lea County, New Mexico. The lease has 3 wells on it that produce from the Eunice San Andres SW, Blinbery, Tubb Oil & Gas, and Drinkard pools (See Exhibit 3 for a list of the wells with their respective pools). The wells produce into a central tank battery where the oil and water are separated from the gas. The oil is stored in tanks and sold directly at the lease. The gas is metered through an allocation meter. A 3" poly line will be run south from the Grizzell A battery to intersect the 3" poly line running east from the Elliott B Federal battery. The poly line coming from the Grizzell A will be connected downstream of the Grizzell A allocation meter. After making the connection to the main poly line running to the Simmons battery, the 3" poly line will then be transporting both the Elliott B Federal gas and the Grizzell A gas to the sales meter.

8. If approved, Range estimates that it will take about 2 days to get the temporary lines run and ready to hookup at an estimated cost of \$35,000

9. In order to prevent waste and to protect correlative rights, Range requests that the Division issue an emergency order.

Respectfully submitted,



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R RANGE OPERATING NEW MEXICO, INC
 LEA COUNTY, NEW MEXICO
PROPOSED TEMPORARY PIPELINE
 EXHIBIT #1
 0 1,000
 FEET
 By: R Hubink
 August 10, 2007

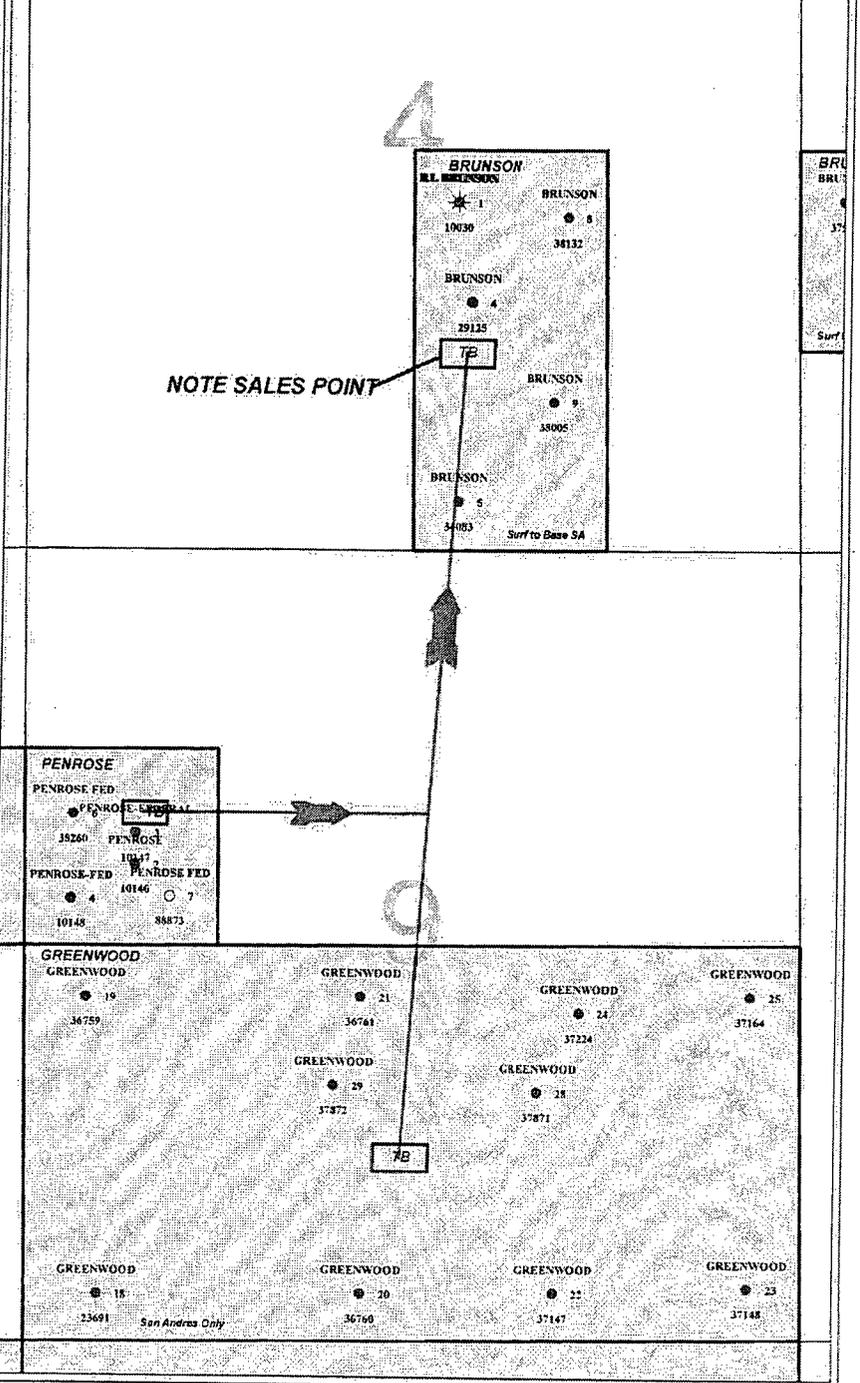


EXHIBIT 3

Property #	Lease Name & No.	API	Location	Pool	Pool #
791005001-S1	Elliott B 1	10076	I-06-22S-37E	Penrose Skelly Grbg	50350
791005002-S1	Elliott B 2	10077	J-6-22S-37E	Eumont Yates SRQ	22800
791005002-S2				Penrose Skelly Grbg	50350
791005003-S1	Elliott B 3	10078	P-09-22S-37E	Penrose Skelly Grbg	50350
791005004-S1	Elliott B 4	10090	B-07-22S-37E	Eumont Yates SRQ	22800
791005004-S2				Penrose Skelly Grbg	50350
791005005-S1	Elliott B 5	10091	G-07-22S-37E	Penrose Skelly Grbg	50350
791005007-S1	Elliott B 7	24544	J-06-22S-37E	Blinebry Oil & Gas	6660
791005009-S1	Elliott B9		B-06-22S-37E	Eunice SA SW	24180
791005010-S1	Elliott B 10	37486	I-06-22S-37E	Tubb Oil & Gas	60240
791005010-S2				Drinkard	19190
791005011-S1	Elliott B 11		J-06-22S-37E	Eunice SA SW	24180
791005012-S1	Elliott B 12		O-06-22S-37E	Drinkard	19190
791005013-S1	Elliott B 13		J-06-22S-37E	Tubb Oil & Gas	60240
791005013-S2				Blinebry Oil & Gas	06660
791005014-S1	Elliott B 14		A-07-22S-37E	Eunice SA SW	24180
791005015-S1	Elliott B 15		O-07-22S-37E	Eunice SA SW	24180
791005016-S1	Elliott B 16		H-07-22S-37E	Penrose Skelly Grbg	50350
791005016-S2				Eunice SA SW	24180
791005017-S1	Elliott B 17		G-07-22S-37E	Eunice SA SW	24180
791005018-S1	Elliott B 18		O-06-22S-37E	Eunice SA SW	24180
791005019-S1	Elliott B 19		P-06-22S-38E		24180
791000018-S1	Greenwood 18	23691	M-09-22S-37E	Eunice SA SW	24180
791000019-S1	Greenwood 19	36759	L-09-22S-37E	Eunice SA SW	24180
791000020-S1	Greenwood 20	36760	N-09-22S-37E	Eunice SA SW	24180
791000021-S1	Greenwood 21	36761	K-09-22S-37E	Eunice SA SW	24180
791000001-S1	Greenwood 22	37147	O-09-22S-37E	Eunice SA SW	24180
791000002-S1	Greenwood 23	37148	P-09-22S-37E	Eunice SA SW	24180
791000003-S1	Greenwood 24	37224	J-09-22S-37E	Eunice SA SW	24180
791000004-S1	Greenwood 25	37164	I-09-22S-37E	Eunice SA SW	24180
791000028-S1	Greenwood 28		J-09-22S-37E	Eunice SA SW	24180
791000029-S1	Greenwood 29		K-09-22S-37E	Eunice SA SW	24180
791010001-S1	Grizzell 1	24544	O-05-22S-37E	Blineberry Oil & Gas	06660
791010002-S1	Grizzell 2	10067	J-05-22S-37E	Drinkard	19190
791010002-S2				Penrose Skelly Grbg	50350
791010002-S3				Eunice SA SW	24180
791010003-S1	Grizzell 3	27185	O-05-22S-37E	Eunice SA SW	24180
791010004-S1	Grizzell 4	36782	O-05-22S-37E	Penrose Skelly Grbg	50350
791010005-S1	Grizzell 5	37163	J-05-22S-37E	Drinkard	19190
791010005-S2				Blinebry	6660
791010005-S3				Tubb Oil & Gas	60240
791010006-S1	Grizzell 6		J-05-22S-37E	Eunice SA SW	24180
791011001-S1	Grizzell A 1	35372	H-6-22S-37E	Tubb Oil & Gas	60240
791011001-S2				Wantz Abo	62700
791011001-S3				Drinkard	19190
791011001-S4				Blinebry	06660
791011002-S1	Grizzell A2	37600	H-6-22S-37E	Eunice SA SW	24180
791011003-S1	Grizzell A3	38106	H-6-22S-37E	Drinkard	19190
791011003-S2	Grizzell A3			Tubb Oil & Gas	60240
791012001-S1	Grizzell B 1	10110	G-08-22S-37E	Blinebry Oil & Gas	06660
791012003-S1	Grizzell B 3	26457	H-08-22S-37E	Blinebry Oil & Gas	06660
791012003-S2				Drinkard	19190
791012003-S3				Wantz Abo	62700
791012003-S4				Paddock	49210
791012004-S1	Grizzell B 4	26713	G-08-22S-37E	Eunice SA SW	24180
791012005-S1	Grizzell B5	36228	H-08-22S-37E	Eunice SA SW	24180
791012007-S1	Grizzell B7	37611	G-08-22S-37E	Eunice SA SW	24180
791012008-S1	Grizzell B8		H-08-22S-37E	Eunice SA SW	24180
791016002-S1	Penrose 2	10146	E-09-22S-37E	Eunice SA SW	24180
791016003-S1	Penrose 3	10147	E-09-22S-37E	Drinkard	19190
791016004-S1	Penrose 4	10148	E-09-22S-37E	Drinkard	19190
791016004-S2				Paddock	49210
791016005-S1	Penrose 6		E-09-22S-37E	Eunice SA SW	24180