

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

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

**APPLICATION OF BTA OIL PRODUCERS, LLC
TO RESCIND APPROVAL OF FOUR APPLICATIONS
FOR PERMIT TO DRILL ISSUED TO TEXAS
STANDARD OPERATING NM LLC, LEA COUNTY,
NEW MEXICO.**

Case No. 23426

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Texas Standard Operating NM LLC ("Texas Standard") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

BTA Oil Producers, LLC

APPLICANT'S ATTORNEY

Hinkle Shanor LLP
Dana Hardy

OPPONENT

Texas Standard Operating NM LLC
One Petroleum Center, Building One
3300 North A Street, Suite 105
Midland, Texas 79705

OPPONENT'S ATTORNEY

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Attention: Timothy M. Roberson
(432) 219-6710

STATEMENT OF THE CASE

APPLICAN

OPPONENT

Texas Standard has pooled the W/2 of Section 16 and the SW/4 of Section 9, Township 17 South, Range 36 East, NMPM into a proximity tract horizontal well unit for the purpose of

drilling its proposed State 9-16 wells to test the Upper Penn formation. The surface locations are in the N/2NW/4 of adjoining Section 21.

The oil and gas rights in the N/2NW/4 Section 21 are leased, and are subject to BTA Oil Producers, LLC's ("BTA")-operated Vindicator Canyon State Exploratory Unit. However, the surface estate of the N/2NW/4 of Section 21 is owned in fee.

BTA seeks an order rescinding Texas Standard's APDs. The application must be denied for several reasons, including:

1. The fee surface owner owns the subsurface strata, not just the actual surface. Thus the surface owner of the N/2NW/4 of Section 21 has the right to grant an easement to Texas Standard to locate its wells and facilities thereon, and drill northward to access its oil and gas reserves in Sections 9 and 16.
2. Texas Standard has an executed Surface Use Agreement with the surface owner of the N/2NW/4 of Section 21. BTA's action seeks to nullify the surface owner's rights, and those of Texas Standard, to reasonably use the surface.
3. Texas Standard is aware of BTA's development plans in its Unit, and will drill its wells so as not to interfere with BTA's proposed operations. Likewise, BTA must also accommodate Texas Standard's planned operations.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

Matt Roberson
(landman)

20 min.

Approx. 8

Craig Young
(operations engineer)

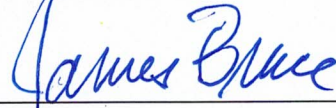
20 min.

Approx. 4

PROCEDURAL MATTERS

Texas Standard's witnesses will be available for questioning.

Respectfully submitted,



James Bruce
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(505) 982-2043

Attorney for Texas Standard Operating NM
LLC

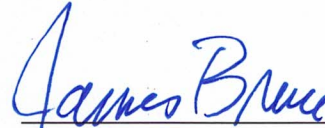
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 30th day of March, 2023 by e-mail:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 202501

QUESTIONS

Operator: MEWBOURNE OIL CO P.O. Box 5270 Hobbs, NM 88241	OGRID: 14744
	Action Number: 202501
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.