

**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 HEARING:**

**APPLICATION OF APACHE CORPORATION
FOR A WATERFLOOD PROJECT
LEA COUNTY NEW MEXICO**

CASE 13503

**APPLICATION OF APACHE CORPORATION
FOR STATUTORY UNITIZATION
LEA COUNTY, NEW MEXICO**

CASE 13504

PRE-HEARING STATEMENT

**Apache Corporation submits this pre-hearing statement as required
by the New Mexico Oil Conservation Division.**

APPEARANCES OF THE PARTIES

APPLICANT

**Apache Corporation
Two Warren Place
6120 South Yale, #1500
Oklahoma City, OK 74136
Attn: Mario Marino**

ATTORNEY

**Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, NM 87504
505-982-4285**

OTHER PARTY

BP America

ATTORNEY

**William F. Carr, Esq.
Holland & Hart
110 N Guadalupe
Santa Fe, NM 87501
505-983-6043 (fx)
505-988-4421 (ph)**

STATEMENT OF THE CASE

APPLICANT:

In CASE 13503: Apache Corporation seeks approval of its East Blinebry-Drinkard Unit Waterflood Project including the injection of produced water into the following interval:

From an upper limit being 75 feet above the stratigraphic Blinebry marker to a lower limit at the top of the Abo formation as seen on the type log from the Continental Lockhart B-11 #17 well located 1980 feet FNL and 1980 feet FEL, Section 11, T21S, R37E and is that interval which is correlative to the interval from 5615 feet to 6795 feet below the surface measured from the derrick floor as shown on this type log. The Blinebry marker has been defined by the NMOCD at a depth of 5457 feet (elevation 3380, sub-sea datum 2077) in Exxon State S#30 well located in the SW/4NW/4 of Section 2, T22S, R37E, Lea County, New Mexico.

Through 17 injection wells located in the following described area:

Township 21 South, Range 37East, NMPM

Section 1: Lots 11 thru 15, SW/4 and W/2SE/4
Section 11: E/2 and NW/4
Section 12: W/2NE/4, NW/4, W/2SE/4, SW/4
Section 13: W/2, W/2NE/4 and NW/4SE/4
Section 14: NE/4 and E/2SE/4

Applicant also requests that the Division, in accordance with Division Rule 701 and pursuant to the New Mexico "Enhanced Oil Recovery Act," approve this project for the recovered oil tax rate for enhanced oil recovery. Applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for the waterflood operations.

In CASE 13504: Apache Corporation seeks an order unitizing, for the purpose of establishing an enhanced oil recovery project, all mineral interest in the unitized formations described above for the area described above, being designated as the East Blinebry-Drinkard Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and

equitable allocation of production and costs of production, including a participation formula, capital investment to each of the various tracts in the unit area; the determination of credit and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also request that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interest owners within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

PROPOSED EVIDENCE

WITNESSES	EST. TIME	EST. EXHIBITS
Mario Moreno (land)	@ 20-30 minutes	@ 6
Kevin Mayes (PE)	@ 45-60 minutes	@12
Bob Curtis (geologist)	@ 60-90 minutes	@ 3

PROCEDURAL MATTERS

None and this time.


KELLAHIN & KELLAHIN
W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
Phone 505-982-4285
Fax 505-982-2047
E-mail: tkellahin@aol.com

CERTIFICATE OF SERVICE

I certify that on June 10, 2005, I served a copy of the foregoing documents by:

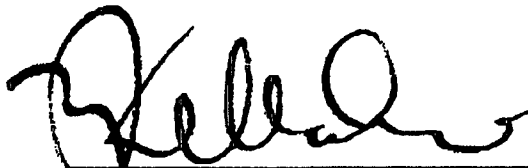
☐ US Mail, postage prepaid

☐ Hand Delivery

☒ Facsimile

to the following:

William F. Carr, Esq.



W. Thomas Kellahin

**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:**

CASE NO. 3504

**APPLICATION OF APACHE CORPORATION
FOR STATUTORY UNITIZATION, LEA COUNTY,
NEW MEXICO.**

2005 JUN 10 PM 7 20

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

OPPOSITION

BP America, Inc.
Attn: Mr. Tom Furtwangler
Post Office Box 3092
Houston, Texas 77253-3092
(281) 366-2537

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

STATEMENT OF CASE

APPLICANT

Applicant seeks an order unitizing, for the purpose of establishing an enhanced oil recovery project, all mineral interests in the unitized formations the vertical limits of which extend from an upper limit being 75 feet above the stratigraphic Blinberry marker to a lower limit at the top of the Abo formation as seen on the type log from the Continental Lockhart

B-11 #17 well located 1980 feet from the North line and 1980 feet from the East line, Section 11, Township 21 South, Range 37 East and is that interval which is correlative to the interval from 5615 feet to 6795 feet below the surface measured from the derrick floor as shown on this type log. The Blinebry marker has been defined by the NMOCD at a depth of 5457 feet (elevation 3380, sub-sea datum 2077) in Exxon State S#30 well located in the SW/4 NW/4 of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico. Through 17 injection wells located in the following described area:

Township 21 South, Range 37 East, NMPM

Section 1: Lots 11 thru 15, SW/4 and W/2 SE/4
Section 11: E/2 and NW/4
Section 12: W/2 NE/4, NW/4, W/2 SE/4, SW/4
Section 13: W/2, W/2 NE/4 and NW/4 SE/4
Section 14 NE/4 and E/2 SE/4

This unit is to be designated as the East Blinebry-Drinkard Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including a participation formula, capital investment to each of the various tracts in the unit area; the determination of credit and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interest owners within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

OPPOSITION

BP America, Inc. will appear in opposition to the application and cross-examine Apache witnesses on the basis for the unit boundary, the proposed interest charges and the participation formula.

PROPOSED EVIDENCE

OPPOSITION

WITNESSES
(Name and Expertise)

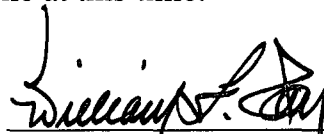
ESTIMATED TIME

EXHIBITS

None

PROCEDURAL MATTERS

BP America Production Company has none at this time.

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr

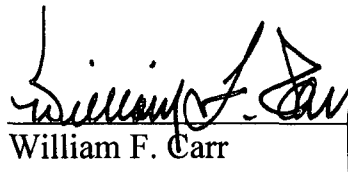
Attorney for BP America Production
Company

CERTIFICATE OF SERVICE

I certify that on June 10, 2005, I served a copy of the foregoing document to the following by

- ☐ U.S. Mail, postage prepaid
- ☐ Hand Delivery
- ☒ Fax
- ☐ Electronic Service by LexisNexis File & Serve

W. Thomas Kellahin, Esq.
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-2047 (facsimile)



William F. Carr