

Jones, William V., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, January 17, 2013 3:12 PM
To: Jones, William V., EMNRD
Subject: FW: OCD Case 14944-Pre-Hearing Statement-Apache
Attachments: PHS-Apache-OCD Case 14944.pdf

From: Tom Kellahin [<mailto:tkellahin@comcast.net>]
Sent: Thursday, January 17, 2013 2:26 PM
To: Davidson, Florene, EMNRD
Cc: Brooks, David K., EMNRD; Earl E. DeBrine; Hanson, Michelle
Subject: OCD Case 14944-Pre-Hearing Statement-Apache

Dear Florene,

Please find attached for filing, my pre-hearing statement for Case 14944rently set for hearing on the January 24, 2013 docket.

Regards,

Tom Kellahin
Kellahin & Kellahin
Attorneys at Law
706 Gonzales Road
Santa Fe, NM 87501
ph 505-982-4285
Fx 505.216.2780
Email tkellahin@comcast.net

WST 1/17/13

**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 APPROVAL,
RETROACTIVELY, FOR SURFACE COMMINGLING AND AN
EXCEPTION TO THE METERING REQUIREMENTS OF
DIVISION RULE 19.15.12.10(C)(1) NMAC
LEA COUNTY, NEW MEXICO**

CASE 14944

PRE-HEARING STATEMENT

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

APPEARANCE OF THE PARTIES

APPLICANT

Apache Corporation
303 Veterans Airpark Lane, Ste 3000
Midland Texas 79705
Attn: Michelle Hanson
(432) 818-1093

ATTORNEY

MODRALL, SPERLING, ROEHL,
HARRIS & SISK, P.A.
Earl De Brine, Esq.
Post Office Box 2168
Bank of America Centre
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800

KELLAHIN and KELLAHIN
W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
Telephone: 505.982.4285

Attorneys for Applicant

OPPONENTS

ATTORNEY

None

STATEMENT OF THE CASE

APPLICANT:

APACHE CORPORATION ("Apache") applies to the New Mexico Oil Conservation Division for approval, including retroactive-approval, of the surface commingling of production for 32 wells located within its Hawk B-1 lease, comprising portions of Sections 8 and 9, Township 21 South Range 37 East, Lea County, New Mexico. Apache, in accordance with Division Rule 19.15.12 NMAC, is requesting surface commingling approval be made retroactive to the date that oil and gas production was first surface commingled from the Hawk B-1 lease, a lease containing leaseline and non-consent wells, creating diversity in ownership. Apache is further requesting approval of the allocation of production by monthly well tests in lieu of separately metering each well's production. Applicant also seeks authority to surface commingling future wells and add them to either its Hawk B-1 Federal Tank Battery or its Hawk B-1 Tank Battery.

By approving cooperative agreements for the six (6) leaseline wells, the Bureau of Land Management "BLM" and where appropriate, the State Land Office, both have authorized the allocation and metering method being used by Apache.

In Summary, Apache Corporation is seeking:

HAWK B-1 TANK BATTERY:

Surface commingling authority, retroactively to the date the wells were first commingled, for 34 wells producing from either or both the Penrose Skelly-Grayburg and East Hare-San Andres Pools on its Hawk B-1 Lease;

An exception to the metering requirements of Division Rule 19.15.12.10(C)(1) to allow allocation or production from diversely-owned wells on this lease by means of monthly well tests; and

Authority to add wells to this surface commingling approval at such time as new wells are drilled on the Hawk B-1 Lease. This may include wells drilled to the Penrose Skelly-Grayburg, East Hare-San Andres Pool, or other producing pools in this area.

HAWK FEDERAL B-1 TANK BATTERY:

Surface commingling authority, retroactive to the date the wells were first commingled, for the diversely owned Hawk B-1 Wells No. 69 and 70 producing from the Wantz-Abo Pool.

Since production from the Hawk B-1 Wells No. 69 is being separately metered prior to commingling, an exception is requested only for surface commingling for the diversely owned wells, and no exception is requested for allocation by well tests.

Authority to add wells, including monthly test for allocation purposes, to this surface commingling approval at such time as new wells are drilled on the Hawk B-1 Lease. This may include wells drilled to the Wantz-Abo Pool or other producing pools in this area.

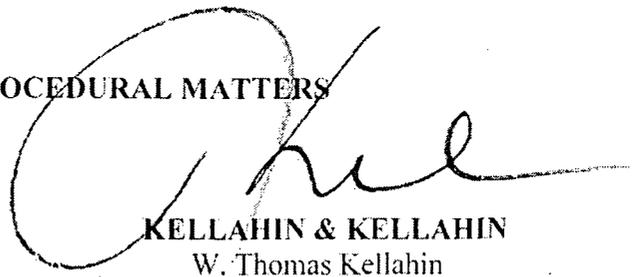
PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Michelle Hanson (Land & Regulatory)	30-40 min	@ 14-18
Clint Mills (District Manager and Petroleum Engineer)	30-40 min	@ 8-10

PROCEDURAL MATTERS

None



KELLAHIN & KELLAHIN

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
Phone 505-982-4285
Fax 505-982-2047
E-mail: tkellahin@comcast.net

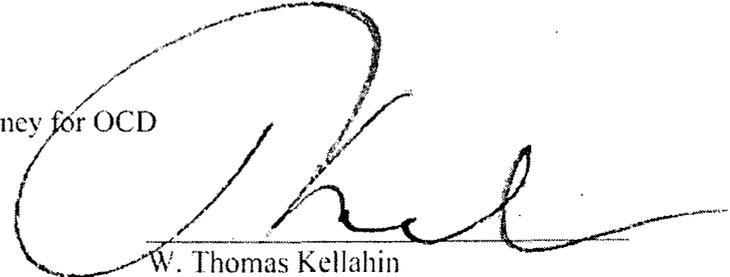
CERTIFICATE OF SERVICE

I certify that on January 17, 2013 served a copy of the foregoing documents by:

- US Mail, postage prepaid
- Hand Delivery
- E-mail

to the following:

David Brooks, Esq. Attorney for OCD



W. Thomas Kellahin