

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

RE: APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO

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2013 MAY 23 P 3: 55

Case No. 14989

### PRE-HEARING STATEMENT

As noted in the pre-hearing statements and supplements filed in Case Numbers 14985 and 14986, SevenWays Minerals Ltd. (SWM) owns a mineral interest in Section 2, Township 20 South, Range 38 East, Lea County, N.M

By letter dated Oct. 24, 2012, Apache Corp. made an offer to SWM to participate in the Pinot #1 Well or "consider leasing" SWM's mineral interest in the SW/4 NW/4 Sec. 2, T20S, R38E, Lea County NM. Apache and SWM entered negotiations regarding this offer. SWM rejected Apache's offer to participate in the well but agreed to discuss leasing its mineral interest. In January 2013, Dylan Park and Robin Yeager agreed via a phone conversation on the royalty, term and bonus. Ms. Yeager followed up this conversation with emails.

Nearly three months passed and SWM did not receive any communication from Apache regarding this matter until it received the notices related to Case Nos 14985 and 14986. By letter dated May 8, 2013, SWM was notified of Apache's Application for Compulsory Pooling, Lea County, NM, of all mineral interests in the SW/4 NW/4 of Section 2, T20S, R38E. The May 8<sup>th</sup> letter referenced drilling of the Pinot Well No. 2 (contrary to the offer letter which referenced the Pinot #1 Well).

SWM is not clear as to whether this Case No. 14989 is intended to supplant Case No. 14985.

In any event, Apache landman Michelle Hanson and Ms. Yeager renewed lease negotiations and are presently endeavoring to work out the details of a mutually acceptable oil and gas lease. However, Ms. Hanson and Ms. Yeager both have or had commitments that have limited their ability to negotiate under such a tight timetable.

### OBJECTION and RELIEF

Based on the circumstances as set forth above, SevenWays Minerals Ltd. objects to being included in Apache Corp.'s pending Application for Compulsory Pooling in Lea County, N.M. Apache's assertion (in para. 3 of its Application) that it has "in good faith sought to obtain the voluntary joinder of all other mineral interest owners" is inapplicable and/or premature as applied to its negotiations with SWM. Apache's claim (in para. 4 of its Application) that "certain interest owners have failed or refused to join in dedicating their interests" to the proposed Pinot Well No. 2 are not true as applied to SevenWays Minerals Ltd. since SWM has not ever been approached about the Pinot #2.

SevenWays Minerals Ltd. requests that SWM be dismissed, with prejudice, from this proceeding. Alternatively, SWM objects to Apache's requested relief to the extent it would result in charges and/or costs to SWM. Specifically, SWM objects to being force pooled, designated as a working interest owner and/or being subject to a 200% charge or any other charges and costs and requests that it be excluded from any such order.

TIME TO PRESENT CASE: Approximately 15 minutes

EXHIBITS: Approximately 6

WITNESSES: Dylan Park and Michelle Hanson, Landmen for Apache Corp.

Robin Yeager for SevenWays Minerals Ltd. (via telephone)

PROCEDURAL ISSUES: Ms. Yeager is likely to be in Maryland on the hearing date and would like to attend telephonically.

Respectfully submitted,



Robin Yeager

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Supplement to Pre-Hearing Statement was served upon Apache Corp.'s counsel of record on this 23rd day of May 2013 as follows:

**VIA FIRST CLASS MAIL**

James Bruce  
Attorney at Law  
PO Box 1056  
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