

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:

ORIGINAL

APPLICATION OF APACHE CORPORATION
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

CASE NO. 15242

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

December 18, 2014

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and Gabriel Wade, Legal Examiner, on
Thursday, December 18, 2014, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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APPEARANCES

FOR APPLICANT APACHE CORPORATION:

CANDACE CALLAHAN, ESQ.
BEATTY & WOZNIAK, P.C.
500 Don Gaspar Avenue
Santa Fe, New Mexico 87505
(505) 983-8764
ccallahan@bwenergyllaw.com

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EXHIBITS OFFERED AND ADMITTED

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1 (8:21 a.m.)

2 EXAMINER GOETZE: Then we will start off at
3 the front, and Case 15242, application of Apache
4 Corporation for compulsory pooling, Eddy County.

5 Call for appearances.

6 MS. CALLAHAN: Candace Callahan for Apache.

7 EXAMINER GOETZE: Any others?

8 Do you have any witnesses?

9 MS. CALLAHAN: No, I do not.

10 EXAMINER GOETZE: Then go ahead. Proceed.

11 MS. CALLAHAN: Apache is seeking to pool
12 the uncommitted mineral interests from the surface to
13 the base of the Yeso, or Glorieta-Yeso, which includes
14 the House-Blinebry, House-Drinkard and House-Abo pools
15 and any others within that vertical extent, to establish
16 a 40-acre spacing and proration unit for the three
17 proposed wells within the northwest-northeast of Section
18 31, 17 South, 28 East.

19 The mineral leasehold ownership is uniform
20 throughout the 40 acres. There are 14 different working
21 interest owners and no unleased mineral interests. All
22 but three of the working interest owners have elected to
23 participate in all three wells. The three who have not
24 elected have been nonresponsive to both Apache's
25 original proposal and follow-up proposals.

1 As allowed under the Division's rules,
2 since there's been no opposition, we are submitting the
3 case by affidavit.

4 EXAMINER GOETZE: And you originally
5 submitted Chase Bradley's statement to us at a prior
6 hearing?

7 MS. CALLAHAN: Yes, I did.

8 EXAMINER GOETZE: Have there been any
9 changes?

10 MS. CALLAHAN: Yes. I have given you
11 Exhibit A, which apparently got left out of the --

12 EXAMINER GOETZE: The C-102?

13 MS. CALLAHAN: Yeah. Yeah, for all three
14 wells.

15 EXAMINER GOETZE: Other than that, the
16 context is still the same?

17 MS. CALLAHAN: Yes, that's correct.

18 EXAMINER GOETZE: And the testimony of
19 Mr. Bradley is still the same?

20 MS. CALLAHAN: Exactly. Yes.

21 EXAMINER GOETZE: Mr. Bradley has appeared
22 before?

23 MS. CALLAHAN: No, he has not. I attached
24 a copy of his resume to the --

25 EXAMINER GOETZE: Very good.

1 And counsel has raised an interest with
2 regard to the return receipts, and the signatures on
3 them seem to be repetitive.

4 Counselor?

5 EXAMINER WADE: Well, I noticed that for
6 Mark Tisdale and Betty Nugent, you don't have either one
7 of them signing, apparently. And on the John Kennedy, I
8 guess it's the same address. We have the same person
9 signing for John Kennedy.

10 MS. CALLAHAN: The addresses are the same,
11 so I imagine the same people -- they're different
12 people, but the addresses are the same, so the same
13 people signed the cards even though -- they must be
14 living together or something.

15 EXAMINER GOETZE: So this is the last
16 established address for these parties?

17 MS. CALLAHAN: It is. It is.

18 EXAMINER GOETZE: So these people became
19 very popular with green cards.

20 MS. CALLAHAN: Yes.

21 EXAMINER GOETZE: And so we're just doing
22 it for the three wells?

23 MS. CALLAHAN: We are.

24 EXAMINER GOETZE: And there is a fourth one
25 proposed?

1 MS. CALLAHAN: Ultimately, there will be,
2 but it has a nonstandard location, so we're doing it
3 separately.

4 EXAMINER GOETZE: And then the last
5 question I would have: Historically, we've tied the
6 drilling of these wells with a time limit on them.

7 MS. CALLAHAN: Yes.

8 EXAMINER GOETZE: So we're going to be
9 looking at -- 120 days is typically what we give.

10 MS. CALLAHAN: Between the wells?

11 EXAMINER GOETZE: Yes. We clarified in the
12 last Apache -- we'll follow through again and use the
13 historical language that's been used for multiple wells
14 in a standard proration unit like this.

15 Other than that, I have no further
16 questions.

17 EXAMINER WADE: No questions.

18 EXAMINER GOETZE: Any additional
19 information you wish to present?

20 MS. CALLAHAN: No. Well, I submitted to
21 you my Affidavit of Notice, along with the Exhibit A to
22 Mr. Bradley's affidavit. So I'd ask that those be
23 admitted into evidence.

24 EXAMINER GOETZE: So the affidavit, which
25 is not marked --

1 MS. CALLAHAN: Oh, I apologize. It is
2 submitted as Exhibit 2.

3 EXAMINER GOETZE: Okay. We have three
4 exhibits, that being the Affidavit of Notice, the C-102
5 with attached plats and locations, and then the original
6 package with application for compulsory pooling and all
7 supplemental information.

8 So these three exhibits you wish to be
9 entered into record?

10 MS. CALLAHAN: Please, yes.

11 EXAMINER GOETZE: Very good. All three,
12 the application, the affidavit and C-102, of Apache's
13 are entered as exhibits.

14 (Apache Corporation Exhibit Letter A, Form
15 C-102; the Application; and Apache
16 Corporation Exhibit Number 2, Affidavit of
17 Notice, were offered and admitted into
18 evidence.)

19 MS. CALLAHAN: And in our application, I
20 just want to reiterate that we are asking for cost plus
21 200 percent risk charge and overhead charges of -- and
22 this is per well -- and overhead charges of 7,500 a
23 month for each well that's being drilled, and 750 a
24 month for each well once it's producing. That is it.

25 EXAMINER GOETZE: Very good.

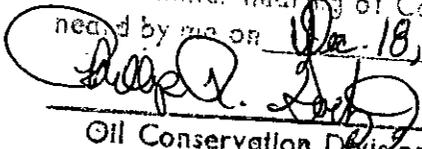
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MS. CALLAHAN: Thank you.

EXAMINER GOETZE: You're welcome.

Case 15242 is taken under advisement.

(Case Number 15242 concludes, 8:28 a.m.)

I do hereby certify that the foregoing is
a complete record of the proceedings of
the Examiner hearing of Case No. 15242
needed by me on Dec. 18, 2014

Phillip R. Goetz, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

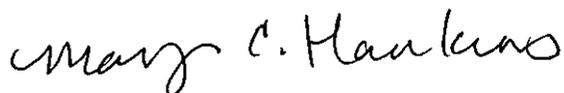
5 I, MARY C. HANKINS, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that
9 the foregoing pages are a true and correct transcript of
10 those proceedings that were reduced to printed form by
11 me to the best of my ability.

12 I FURTHER CERTIFY that the Reporter's
13 Record of the proceedings truly and accurately reflects
14 the exhibits, if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither
16 employed by nor related to any of the parties or
17 attorneys in this case and that I have no interest in
18 the final disposition of this case.

19

20



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MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters, Inc.
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2015

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