

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

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APPLICATION OF APACHE CORPORATION  
FOR APPROVAL OF A PROJECT AREA  
ENCOMPASSING COMMUNITIZED LANDS  
WITHIN T. 17S, R. 31E, N.M.P.M., EDDY COUNTY,  
NEW MEXICO, APPROVAL OF SURFACE  
COMMINGLING AND ESTABLISHMENT  
OF A NEW POOL FOR THE COMMUNITIZED  
PROJECT AREA

CASE NO. 15316

APACHE CORPORATION'S PRE-HEARING STATEMENT

Apache Corporation ("Apache"), submits this Pre-Hearing Statement for the above-referenced case pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Apache Corporation  
303 Veterans Airpark Lane  
Suite 3000  
Midland, TX 79705

ATTORNEY

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Jennifer L. Bradfute, Esq.  
MODRALL, SPERLING, ROEHL,  
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P. O. Box 2168  
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OPPONENT

Nestegg Energy Corporation  
Artesia, New Mexico 88201  
Attn: Raye Miller  
(575) 513-0176

OPPONENT'S ATTORNEY

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

## STATEMENT OF CASE

### APPLICANT:

Applicant in the above-styled cause seeks an order approving a project area created under a federal communitization agreement covering approximately 5051.36 acres included in Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

Apache seeks an order from the Division: (1) approving a project area created under a federal communitization agreement covering all of Sections 3, 4, 5, 6, 7, 8, 9 and 10 in Township 17 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, (2) authorizing wells to be located anywhere within the proposed project area so long as the completed interval meets the setback requirements for the exterior boundaries of the proposed project area, (3) establishing a new pool within the communitized area and contracting the boundary of the Fren-Glorieta Yeso Pool (26770), and (4) allowing surface commingling within the proposed project area. Said subject acreage is located approximately 5 miles east of Loco Hills.

### OPPONENT:

Nestegg Energy Corporation ("Nestegg") is an overriding royalty interest ("ORRI") owner in the Communitized Project Area. The assignment of overriding royalty entered into by Nestegg in 2008 states that its ORRI would be subject to any governmentally approved Communitization Agreement. As a result, Nestegg lacks standing to appear and oppose the application.

Nestegg has stated that it is in general agreement with the concept of the requested project area, but has certain issues regarding the implementation of the project. Apache and Nestegg Energy are in talks that may resolve these issues.

## PROPOSED EVIDENCE

### APPLICANT:

| <u>WITNESS</u>                | <u>ESTIMATED TIME</u> | <u>EXHIBITS</u> |
|-------------------------------|-----------------------|-----------------|
| Christopher Lanning – Landman | Approx. 15            | Approx. 6       |
| Mike Muncy - Geologist        | Approx. 10            | Approx. 2       |

**OPPONENT:**

| <u>WITNESS</u> | <u>ESTIMATED TIME</u> | <u>EXHIBITS</u> |
|----------------|-----------------------|-----------------|
| Raye Miller    | Approx. 15            | Approx. 2       |

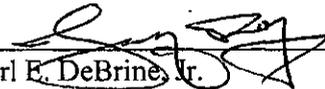
**PROCEDURAL MATTERS**

Apache does not have any procedural matters at this time.

Respectfully submitted,

**MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.**

By: \_\_\_\_\_

  
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**ATTORNEYS FOR APACHE CORPORATION**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 4 day of June, 2015 by e-mail and U.S. Regular Mail:

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

By: \_\_\_\_\_

  
Jennifer L. Bradfute