

**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:**

**APPLICATION OF ASCENT ENERGY, LLC
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

Case No. 16481

**APPLICATION OF ASCENT ENERGY, LLC
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

Case No. 16482

**IN THE MATTER OF THE AMENDED APPLICATION
OF APACHE CORPORATION FOR COMPULSORY
POOLING AND APPROVAL OF A HORIZONTAL
SPACING UNIT AND POTASH DEVELOPMENT AREA,
EDDY COUNTY, NEW MEXICO**

Case No. 20171

**IN THE MATTER OF THE AMENDED APPLICATION
OF APACHE CORPORATION FOR COMPULSORY
POOLING AND APPROVAL OF A HORIZONTAL
SPACING UNIT AND POTASH DEVELOPMENT AREA,
EDDY COUNTY, NEW MEXICO**

Case No. 20202

PRE-HEARING STATEMENT

Occidental Permian Limited Partnership ("Occidental") files this pre-hearing statement in accordance with section 19.15.4.13.B NMAC.

APPEARANCES

**APPLICANT IN 20171 AND 20202
OPPONENT TO ASCENT APPLICATIONS
Apache Corporation**

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STATEMENT OF THE CASES

The above four cases, two filed by Ascent Energy, LLC (“Ascent”) and two filed by Apache Corporation (“Apache”), have been consolidated for hearing. The primary purpose of the hearing will be to consider the relative merits of Ascent’s plan of development, which calls for wells oriented in a north/south alignment versus Apache’s plan of development, which calls for wells oriented in an east/west alignment.

Applicant Ascent

Case No. 16481: Applicant Ascent seeks an order pooling all mineral interests underlying a 320-acre horizontal spacing unit in the Bone Spring formation comprised of the W/2W/2 of Section 28 and the W/2W/2 of Section 33, Township 20 South, Range 30 East, NMPM. The unit will be dedicated to the Anvil Fed. Corn. Well No. 401H, Anvil Fed. Corn. Well No. 501H, and Anvil Fed. Corn. Well No. 601H, horizontal Bone Spring wells with first take points in the SW/4SW/4 of Section 33 and final take points in the NW/4NW/4 of Section 28.

Case No. 16482: Applicant Ascent seeks an order pooling all mineral interests underlying a 320-acre horizontal spacing unit in the Wolfcamp formation comprised of the W/2W/2 of Section 28 and the W/2W/2 of Section 33, Township 20 South, Range 30 East, NMPM. The unit will be dedicated to the Anvil Fed. Corn. Well No. 701H and Anvil Fed. Corn. Well No. 702H, horizontal Wolfcamp wells with first take points in the SW/4SW/4 of Section 33 and final take points in the NW/4NW/4 of Section 28.

Applicant Apache

Case No. 20171: Applicant Apache seeks an order approving the creation of a horizontal spacing unit, a potash development area, and the pooling of all uncommitted mineral interests within a horizontal spacing unit underlying the N/2 of Sections 28 and 29 and the NE/4 of Section 30 of Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. Apache has proposed five wells to test to the Bone Spring formation: Taco 28-30 Fed Com #201H; Taco 28-30 Fed Com #202H; Taco 28-30 Fed Com #301H; Taco 28-30 Fed Com #302H; and Taco 28-30 Fed Com #303H.

Case No. 20202: Applicant Apache seeks an order approving the creation of a horizontal spacing unit, a potash development area, and the pooling of all uncommitted mineral interests within a horizontal spacing unit underlying the N/2 of Sections 28 and 29 and the NE/4 of Section 30 of Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. Apache has proposed three wells in the Wolfcamp formation: Taco 28-30 Fed Com #401H; Taco 28-30 Fed Com #402H; and Taco 28-30 Fed Com #403H.

Occidental Permian Limited Partnership

Occidental Permian Limited Partnership (“Oxy”) holds material working interests in the NE/4 of Section 30 (100% working interest) and the W/2 NW/4 of Section 29 (100% working interest) within the area that would be developed under the Apache proposal. Oxy supports approval of Apache’s applications for the Taco 28-30 development area and prefers those plans over the Ascent applications. First, Oxy believes that the east/west orientation of Apache’s plan of development is superior to Ascent’s proposed north/south orientation because this will maximize drainage of the reservoir and best protect the correlative rights of the parties. Apache

also has superior expertise and financial resources to fully carry out its plan of development. Lastly, Oxy favors Apache's plan of development because Oxy believes that there are cost efficiencies associated with the drilling 2.5-mile horizontal wells, as proposed by Apache, over 2.0-mile horizontal wells, as proposed by Ascent. Oxy supports Apache's offer to withdraw its request for forced pooling, so long as applicant Ascent also removes its request for forced pooling in Case No. 16481 and 16482.

PROPOSED EVIDENCE

Oxy does not intend to present technical evidence as such would likely duplicate the technical evidence to be presented by Apache in support of its development plan.

PROCEDURAL MATTERS

Oxy understands that the hearing on these cases will be combined for hearing on a special docket on August 20, 2019 carrying over to August 21, 2019 as needed. The Hearing Examiners have denied EOG's Motion to Dismiss filed in the Apache cases (Case No. 16481 and 16482) and Ascent withdrew a similar motion that it had filed. Although both Ascent and Apache have filed APDs with the Bureau of Land Management ("BLM"), and the parties and the Hearing Examiners agree that BLM normally has primacy to consider development plans within the potash area, the Hearing Examiner has ruled that OCD will proceed with a hearing on the competing development plans since the BLM has deferred to the OCD on hearing the matter.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 12 day of August, 2019 via e-mail:

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