

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:

Case Nos.

Application for Apache Corporation 21837, 21838  
for Compulsory Pooling, 21839, 21840  
Eddy County, New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, OCTOBER 21, 2021

This matter came on for hearing  
before the New Mexico Oil Conservation Division,  
William Brancard, Esq. Hearing Examiner, on  
October 21, 2021, via Webex Virtual Conferencing  
platform hosted by New Mexico Department of Energy  
Minerals and Natural Resources

Reported by: Christine J. Roybal  
New Mexico CCR #50  
PAUL BACA COURT REPORTERS  
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A P P E A R A N C E S

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E X H I B I T S

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Exhibit Package . . . . . 8

1 EXAMINER BRANCARD: All right. We might do a few  
2 hearings now, if we can. So I'm on Item 34 on the revised  
3 worksheet. You have it in front of you. And these would be  
4 cases 21837, 21838, 21839, 21840, Apache Corporation.

5 MS. BENNETT: Good morning, Mr. Examiner,  
6 Deana Bennett, Modrall Sperling, on behalf of Apache  
7 Corporation.

8 EXAMINER BRANCARD: Thank you.

9 We have a number of other entries of appearance,  
10 although it sounds like things may have been cleared out a  
11 bit here on this matter. So let's see where we are. COG  
12 Operating, LLC.

13 MS. MUNDS-DRY: Good morning, Mr. Examiner,  
14 Ocean Munds-Dry with COG Operating, LLC, and Concho Oil &  
15 Gas, LLC.

16 EXAMINER BRANCARD: Thank you.

17 I have Colgate Operating.

18 MR. PADILLA: Mr. Examiner, Ernest L. Padilla for  
19 Colgate Operating, LLC. We're appearing only to preserve  
20 their rights.

21 EXAMINER BRANCARD: And then BF Petroleum.

22 MS. HARDY: Mr. Examiner, this is Dana Hardy with  
23 the Santa Fe office of Hinkle Shanor. We had actually  
24 withdrawn our appearance on behalf of BF. Their issues were  
25 resolved with respect to these cases.

1 EXAMINER BRANCARD: Thank you.

2 Any other interested persons for cases 21837, 838,  
3 839, 840?

4 Hearing none, it is my understanding we were headed  
5 toward a contested case here, but that the parties have  
6 agreed to allow Apache to move ahead by affidavit; is that  
7 correct, Ms. Munds-Dry?

8 MS. MUNDS-DRY: Yes. Thank you, Mr. Examiner.  
9 We're close to resolving and getting toward an agreement.  
10 So we have no objection to them proceeding today.

11 EXAMINER BRANCARD: Thank you.

12 And I assume you're okay, Mr. Padilla, with that?

13 MR. FELDEWERT: Yes, I'm fine with that.

14 MR. PADILLA: Okay. All right.

15 Ms. Bennett, are you ready to proceed?

16 MS. BENNETT: I am, thank you.

17 As you noted, Mr. Examiner, the parties have rea- --  
18 or have at least reached agreement that Apache can put these  
19 cases on by affidavit today, which is what I'm planning on  
20 doing.

21 I submitted exhibits in all four cases, a consolidated  
22 exhibit packet for hearing purposes only. It means four  
23 cases on Tuesday, and the exhibit packet contains the  
24 affi- -- or self-affirmed declaration of Blake Johnson.  
25 Mr. Johnson is the landman for Apache and he's previously

1 testified for the Division and his credentials have been  
2 accepted as a matter of record.

3 I have also attached a self-affirmed declaration of  
4 Drew Chenoweth. He's the geologist for Apache. He hasn't  
5 previously testified before the Division, and so I have  
6 included with his materials, his resume, which shows that he  
7 has been a geologist since, I believe, 2013. He graduated  
8 with an MS in geology, and he's worked in the Permian Basin  
9 for a number of companies, including, most recently, Apache.

10 I would ask that his credentials be accepted as a  
11 matter of record for purposes of this hearing, based on his  
12 resume and his summary of his resume in his declaration.

13 I will briefly go through the exhibit packet and then  
14 if -- I will stand for questions if anyone has any.

15 At the outside, these are four separate cases, and in  
16 each case, Apache is seeking a standard 320-acre horizontal  
17 spacing unit, and each spacing unit will be dedicated to two  
18 wells; a second Bone Spring well and a third Bone Spring  
19 well. And Apache designates its wells by the 200 series or  
20 300 series; 200 being second Bone Spring and 300 being third  
21 Bone Spring.

22 So behind the first set of materials in the exhibit  
23 packet are the compulsory pooling checklists and there's one  
24 for each case in order of the cases.

25 Next is the self-affirmed declaration of

1 Blake Johnson. As I mentioned, he has previously testified  
2 before the Division and his credentials have been accepted  
3 as a matter of record.

4 Next, I have included four applications; one for each  
5 case. We then have the lease tract maps which shows the  
6 leases at issue and the parties that are presented within  
7 the leasehold, and that exhibit also includes a list of the  
8 parties to be pooled by case number, and also a list of the  
9 overriding royalties whose owners that Apache seeks to pool.

10 I have also included the C102s for each of the wells;  
11 summary of Mr. Johnson's contacts with the working interest  
12 owner, and in that summary, you'll see that after these  
13 cases were filed, Colgate -- it is my understanding Colgate  
14 acquired BF's interests. And as Mr. Padilla said today,  
15 Colgate does not have any objections to these cases being  
16 presented today.

17 I have also included a sample proposal letter and the  
18 AFEs, and then my notice or a notice affidavit signed by me  
19 that shows that notice was timely done in these cases.

20 Exhibit C is the geology affidavit or geology  
21 exhibits. And Mr. Chenoweth has divided his exhibits into a  
22 second Bone Spring geology study and a third Bone Spring  
23 geology study. And behind his declaration you'll see the  
24 usual suite of geology exhibits, including a structure map,  
25 ice core, a horizontal -- a cross-section locator map, and

1 then the cross-section itself. And then his conclusions  
2 about the orientation of the well are in his declarations,  
3 and also that he believes that these wells will -- are  
4 justified from a geologic standpoint.

5 So with that, I will stop my presentation and I will  
6 stand for any questions that the Division may have. Before  
7 I do that, though, I ask the exhibits in case numbers 21837,  
8 21838, 21839 and 21840 be admitted into the record in each  
9 of the cases.

10 EXAMINER BRANCARD: Thank you.

11 Ms. Munds-Dry, any questions.

12 MS. MUNDS-DRY: No questions, thank you.

13 EXAMINER BRANCARD: Mr. Padilla?

14 MR. PADILLA: I don't have any questions, and I  
15 have no objection to the exhibits being tendered.

16 EXAMINER BRANCARD: Thank you.

17 Mr. McClure.

18 MR. MCCLURE: I have no questions.

19 EXAMINER BRANCARD: Wow. Okay, well, with that,  
20 the exhibits in cases 21837 through 840 will be admitted.  
21 The credentials of your witness of your witness will be  
22 accepted as an expert in 21837, 21838, 839 and 840. Unless  
23 there are any other comments from any other person at this  
24 point. It will be taken under advisement.

25 (Exhibits in cases 21837 through 21840 are admitted into the

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record.)

MS. BENNETT: Thank you very much.

EXAMINER BRANCARD: Thank you.

(Concluded 9:17 a.m.)

1 STATE OF NEW MEXICO )  
2 ) SS  
3 COUNTY OF BERNALILLO )  
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5 REPORTER'S CERTIFICATE

6  
7 I, CHRISTINE J. ROYBAL, New Mexico Reporter  
8 No. CCR-50, DO HEREBY CERTIFY that on Thursday, October 21,  
9 2021, the proceedings in the above-captioned matter were  
10 taken before me; that I did report in stenographic shorthand  
11 the proceedings set forth herein, and the foregoing pages  
12 are true and correct transcription to the best of my ability  
13 and control.

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

19  
20 /S/ Christine J. Roybal  
21 \_\_\_\_\_  
22 CHRISTINE J. ROYBAL, CCR, RPR  
23 NEW MEXICO CERTIFIED COURT  
24 REPORTER NO. 50  
25 LICENSE EXPIRES 12/31/22