

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14985

SUPPLEMENT TO PRE-HEARING STATEMENT

As noted in the pre-hearing statement filed by fax on May 8, 2013, 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. On or about April 30, 2013, SWM received two letters, both dated April 24, 2013, enclosing Apache's Application for Compulsory Pooling, Lea County, NM.

On or about May 1, 2013, Ms. Yeager left a voicemail for Mr. Park. She left two more voicemails on Friday May 3, 2013 and followed up with an email. Mr. Park responded by email that a different Apache landman would be handling the lease negotiations and not to worry as there was plenty of time to work out the details of the lease.

On or about Monday May 6, 2013, Apache landman Michelle Hanson and Ms. Yeager spoke by phone. Ms. Yeager was assured again that there was time to finalize the lease. When Ms. Yeager

had not received anything from Ms. Hanson by mid-day on Wed. May 8, 2013, Ms. Yeager drafted and filed SWM's Entry of Appearance and Pre-Hearing Statement in this matter.

The legal description on Case No. 14985 - Apache's Application for Compulsory Pooling (NE/4 NW/4) - does not match the legal description in its Oct. 24, 2013 offer letter (SW/4 NW/4). Thus, SWM should be dismissed from Case No. 14985.

Despite the fact that SWM should not have been named in Apache's Application, Apache and SWM 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.

Given the short time frame, and that Ms. Yeager expects to be in Maryland on the hearing date of May 30, 2013, Ms. Yeager retained counsel to represent SWM in this proceeding.

#### 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. 1 are not true as applied to SevenWays Minerals Ltd.

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,

A handwritten signature in black ink, appearing to read "Robin Yeager", with a stylized, cursive script.

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  
Santa Fe, NM 87504