

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

ATTORNEY  
Earl E. DeBrine, Jr.  
MODRALL, SPERLING, ROEHL,  
HARRIS SISK, P.A.  
P.O. Box 2168  
Albuquerque, New Mexico 87103-2168  
Phone: (505) 848-1800  
Fax: (505) 848-1891  
[edebrine@modrall.com](mailto:edebrine@modrall.com)

APPLICANT IN 16481 AND 16482/  
OPPONENT TO APACHE'S APPLICATIONS:  
Ascent Energy

ATTORNEY:  
James Bruce  
James Garrett Bruce Attorney at Law  
P.O. Box 1056  
Santa Fe, NM 87504  
Phone: (505) 982-2043  
[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

OTHER PARTIES:

Occidental Permian Limited Partnership

Dalva L. Moellenberg  
Gallagher & Kennedy, P.A.  
1239 Paseo de Peralta  
Santa Fe, NM 87501  
(505) 989-7278  
[dln@gknet.com](mailto:dln@gknet.com)

EOG Resources, Inc

Ernest L. Padilla  
Padilla Law Firm, P.A.  
P.O. Box 2523  
Santa Fe, NM 87504  
(505) 988-7577  
[padillalaw@qwestoffice.net](mailto:padillalaw@qwestoffice.net)

Mewbourne Oil Company

Gary Larson  
Hinkle Shanor LLP  
P.O. Box 2068  
Santa Fe, NM 87504  
(505) 982-4554  
[glarson@hinklelawfirm.com](mailto:glarson@hinklelawfirm.com)

## **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. Com. 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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Dalva L. Moellenberg  
GALLAGHER & KENNEDY, PA  
1239 Paseo de Peralta  
Santa Fe, NM 87501-2758  
Phone: (505) 982-9523  
Fax: (505) 983-8160  
[d1m@gknet.com](mailto:d1m@gknet.com)

Attorney for Occidental Permian Limited  
Partnership

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:

Earl E. DeBrine, Jr.  
MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.  
P.O. Box 2168  
Albuquerque, New Mexico 87103-2168  
Phone: (505) 848-1800  
Fax: (505) 848-1891  
[edebrine@modrall.com](mailto:edebrine@modrall.com)

James Bruce  
JAMES GARRETT BRUCE ATTORNEY AT LAW  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
Phone: (505) 982-2043  
Fax: (505) 982-2151  
[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

Gary W. Larson  
Hinkle Shanor LLP  
PO Box 2068  
Santa Fe, NM 87504-2068  
505-982-4554  
[glarson@hinklelawfirm.com](mailto:glarson@hinklelawfirm.com)

Ernest L. Padilla  
Padilla Law Firm, P.A.  
P.O. Box 2523  
Santa Fe, NM 87504  
(505) 988-7577  
[padillalaw@qwestoffice.net](mailto:padillalaw@qwestoffice.net)

A handwritten signature in black ink, appearing to read 'Dalva L. Moellenberg', is written over a horizontal line. The signature is stylized with large loops and a long tail.

Dalva L. Moellenberg