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STATE OF NEW MEXICO

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

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

CASE NO. 14098

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Jr., Legal Examiner
WILLIAM V. JONES, Jr., Technical Examiner

April 3, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico
Oil Conservation Division, DAVID K. BROOKS, Jr., Legal
Examiner, and WILLIAM V. JONES, Jr., Technical Examiner, on
Thursday, April 3, 2008, at the New Mexico Energy, Minerals and
Natural Resources Department, 1220 South St. Francis Drive,
Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

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April 3, 2008
Examiner Hearing
CASE NO. 14098

Appearing for Apache Corporation:

JIM BRUCE, ESQ.
P O Box 1056
Santa Fe, New Mexico 87545

PAGE

APPLICANT'S EXHIBITS 1 - 3 ADMITTED

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REPORTER'S CERTIFICATE

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1 EXAMINER JONES: Let's call the next case. This is
2 going to be Case 14098, application of Apache Corporation for
3 compulsory pooling, Lea County, New Mexico.

4 Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
6 representing the applicant.

7 EXAMINER JONES: Any other appearances?

8 MR. BRUCE: Mr. Examiner, submitted as Exhibit 1 is
9 the affidavit of Michelle Hanson, who's a landman with Apache.
10 Apache is seeking to drill the Magnolia Well No. 1 at a
11 location 1650 feet from the north line and 990 feet from the
12 west line in Lea County.

13 The well will be drilled to a depth sufficient to
14 test the Drinkard Formation. There are several zones involved.
15 If you look at Attachment A to Exhibit No. 1, there are several
16 well dedication plats simply because the Blinbry Tubb and
17 Drinkard are all respective in this well. They are all in the
18 House field, and they are all oil wells, based on -- oil pools,
19 based on 40 acres under the Division's records.

20 Attachment B to Exhibit 1 is a listing of all of the
21 parties being pooled. The ones highlighted in yellow are
22 either unlocatable or they did not pick up their certified
23 mail.

24 Attachment C is the proposal letter that was sent out
25 to the interest owners, and Exhibit D is the AFE for the well.

1 Apache is requesting overhead rates of 6,000 a month for a
2 drilling well and 600 a month for a producing well.

3 Exhibit 2 is the Affidavit of Notice. We sent out
4 notice to everyone who had an address on that list. The
5 landman does state in her affidavit that they did check
6 internet and telephone records and other records, in addition
7 to the records of Lea County. As you can see, there are a
8 number of people who either the mail was returned, or they just
9 did not pick up their mail.

10 And submitted as Exhibit C is an affidavit of
11 publication from the Hobbs newspaper. And all of the parties
12 who did not receive mail notice were notified by publication.

13 So I move the admission of Exhibits 1 through 3 and
14 ask that this matter be taken under advisement.

15 EXAMINER JONES: Exhibits 1 through 3 will be
16 admitted into evidence. These unlocatable parties, what bank
17 in Lea County will be used for the --

18 MR. BRUCE: I will get back to you on that. I'm not
19 sure which one Apache uses. The reason why is I don't think --
20 to tell you the truth, I think this is the first forced-pooling
21 Apache has done, to my recollection, in probably a decade or
22 so.

23 MR. BROOKS: Our order is, apparently, for quite a
24 few years, it has said that they are to deposit the interest of
25 unlocatable parties in a bank -- in an escrow account in a

1 bank -- and they are to give us notice of where they have
2 deposited it. It seems that that has fallen into disuse, that
3 nobody ever gives us notice. Whether they are actually
4 depositing it or not, we don't know.

5 MR. BRUCE: I will notify them and tell them about
6 that.

7 MR. BROOKS: We have not followed up on that. We
8 better start doing that.

9 MR. BRUCE: We will have to open an account. As I
10 said, I know for a fact that they haven't done a forced-pooling
11 for quite some time.

12 MR. BROOKS: Okay.

13 EXAMINER JONES: Thanks, Mr. Bruce. With that, we
14 will take Case No. 14098 under advisement.

15 [Hearing concluded.]

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____.

_____, Examiner
Oil Conservation Division

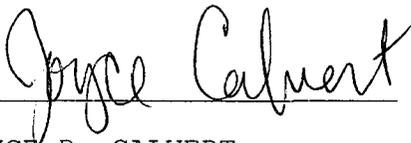
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REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this proceeding.



JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/08

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

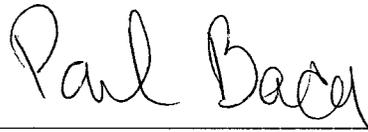
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I, JOYCE D. CALVERT, a New Mexico Provisional Reporter, working under the direction and direct supervision of Paul Baca, New Mexico CCR License Number 112, hereby certify that I reported the attached proceedings; that pages numbered 1-5 inclusive, are a true and correct transcript of my stenographic notes. On the date I reported these proceedings, I was the holder of Provisional License Number P-03.

Dated at Albuquerque, New Mexico, this 3rd day of April, 2008.



Joyce D. Calvert
Provisional License #P-03
License Expires: 7/31/08



Paul Baca, RPR
Certified Court Reporter #112
License Expires: 12/31/08