

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:

ORIGINAL

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

CASE NO. 15217

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

CASE NO. 15218

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

October 30, 2014

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
KEITH HERMANN, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and Keith Hermann, Legal Examiner, on
Thursday, October 30, 2014, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
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(505) 843-9241

APPEARANCES

FOR APPLICANT APACHE CORPORATION:

CANDACE CALLAHAN, ESQ.
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EXHIBITS OFFERED AND ADMITTED

Case Number 15217:	
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Case Number 15218:	
Apache Corporation Exhibit Numbers 1 through 3	6

1 (8:41 a.m.)

2 EXAMINER GOETZE: We're going to go back
3 now to the regular procedure; Case 15217, application of
4 Apache Corporation for compulsory pooling, Lea County,
5 New Mexico.

6 Call for appearances.

7 MS. CALLAHAN: Candace Callahan for the
8 Applicant.

9 EXAMINER GOETZE: Any other appearances?
10 And just for the folks who are here for the
11 WPX application, that has been postponed, and that will
12 be heard November 20th. So for folks with -- and yes,
13 there is an interpreter in the hallway for those folks
14 who need assistance in following this record.

15 Proceed.

16 MS. CALLAHAN: Thank you, Mr. Examiner.

17 I first would like to point out that the
18 application in Case Number 15218 has facts identical to
19 the facts in 15127, and so I would ask that perhaps we
20 consolidate.

21 EXAMINER GOETZE: Would you like to
22 consolidate them?

23 MS. CALLAHAN: I would like to consolidate
24 them.

25 EXAMINER GOETZE: Very well, then. We

1 shall add to Case 15217 Case 15218, application of
2 Apache Corporation for compulsory pooling, Lea County,
3 New Mexico.

4 MS. CALLAHAN: I'd like to request a
5 separate order.

6 EXAMINER GOETZE: Well, we will give you a
7 separate order for each case.

8 MS. CALLAHAN: Thank you.

9 So I guess it's already been noted; we're
10 submitting this by affidavit because there's been no
11 opposition. We're requesting compulsory pooling for --
12 well, in the two cases, three vertical wells, all
13 orthodox locations. Attached to the submission is
14 affidavit number one, which is the affidavit of the
15 landman for Apache Corporation, Chase Bradley, and it
16 describes the efforts that they've taken to locate the
17 several unlocatable owners identified in Exhibit B to
18 Exhibit 1.

19 All of these unlocatable owners, except Pat
20 Alston Ward, have been the subject of prior compulsory
21 pooling applications. Apache's been trying to find
22 these people for years. They've appeared in the title
23 in other lands in this same area. I guess I'd point out
24 that we just recently found out that Pat Alston Ward
25 appears to be deceased. We still have not received the

1 return receipt card from her. It's being shuttled
2 around, being forwarded by the U.S. Postal System, and
3 we still have not received the card back as
4 undeliverable, so we went ahead and republished notice
5 to her heirs and devisees, which is why we've continued
6 the case today. So her heirs and devisees have been --
7 if she's still alive, they have received notice of the
8 hearing.

9 The API numbers for all three wells are
10 found on the plats attached to Exhibit 1, which is the
11 APD for the three wells. The API for the Number 3 is
12 30-025-41865. For the Number 6, it's 30-025-41868, and
13 for the Number 5, it's 30-025-41867.

14 Exhibit C to Exhibit 1 is the notice that
15 was sent out to working interest owners and mineral
16 interest owners proposing to drill these wells, which
17 also includes the return receipt cards for all of the
18 notices sent.

19 And Exhibit D to Exhibit 1 is the AFE for
20 the wells.

21 Exhibit 2 is my Affidavit of Notice of the
22 hearing, and it also includes the return receipt cards
23 that we've received to date, together with a copy of the
24 e-mail that we've received from the U.S. Postal Service
25 related to the continuing transfer of notice to Pat

1 Alston Ward.

2 And then finally we have Exhibit 3, which
3 is the Affidavit of Publication as to all of the
4 unlocatable owners, including Pat Alston Ward.

5 The Applicant is requesting their costs
6 plus a 200 percent risk charge against all the
7 nonconsenting owners reflected on Exhibit B, together
8 with their overhead charges of \$7,500 a month for each
9 well while it's drilling and \$750 for each well for
10 wells that are producing.

11 The total AFE costs for the three wells
12 are -- the Pinot #3 is \$1,169- -- \$1,169,921. Number 6
13 is \$1,139,801, and Number 5 is \$1,169,921. And those
14 figures are reflected in the AFE which is Exhibit D to
15 Exhibit 1.

16 I believe that's all I need to present. I
17 move for admission of Exhibits 1 through 3.

18 EXAMINER GOETZE: Exhibits 1 through 3 are
19 so admitted. And that's exhibits for both cases?

20 MS. CALLAHAN: Yes, please.

21 (Apache Corporation Exhibit Numbers 1
22 through 3 for Case 15217 and Exhibit
23 Numbers 1 through 3 for Case 15218 were
24 offered and admitted into evidence.)

25 EXAMINER GOETZE: And for clarification, in

1 Case 15217, we have two wells set aside?

2 MS. CALLAHAN: Yes.

3 EXAMINER GOETZE: Has one been designated
4 as a primary or a lead? Which one is going to be first?

5 MS. CALLAHAN: Well, I believe Number 3
6 will be first, but I'm not for sure.

7 EXAMINER GOETZE: If you could possibly
8 send me an e-mail with the clarification.

9 MS. CALLAHAN: I sure will.

10 EXAMINER GOETZE: So at this point, we will
11 assume Number 3 is number one, and Number 6 will be an
12 infill, but the order will contain both.

13 MS. CALLAHAN: All right. Thank you.

14 EXAMINER GOETZE: And Pat Alston Ward, what
15 type of ownership are we looking at there?

16 MS. CALLAHAN: She's fee.

17 EXAMINER GOETZE: Fee?

18 MS. CALLAHAN: Yeah.

19 EXAMINER GOETZE: But she has --

20 MS. CALLAHAN: Yeah. Apparently we --
21 after we found out the return receipt card was in limbo,
22 we did a little research, and it looks like there was an
23 obituary somewhere for her. So it appears she is
24 deceased. And I don't know how many of her potential
25 heirs have sent forwarding addresses to the postal

1 system, but nobody's signing the green card. So we went
2 ahead and republished.

3 EXAMINER GOETZE: Very good. I have no
4 further questions, in which case Case 15217 and Case
5 15218 are taken under advisement.

6 MS. CALLAHAN: Thank you, Mr. Examiner.

7 EXAMINER GOETZE: You're welcome.

8 (Case Numbers 15217 and 15218 conclude,
9 8:50 a.m.)

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I hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 15217 & 15218
heard by me on October 20 2014.
[Signature], Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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CERTIFICATE OF COURT REPORTER

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I, MARY C. HANKINS, New Mexico Certified
Court Reporter No. 20, and Registered Professional
Reporter, 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 that were reduced to printed form by
me to the best of my ability.

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I FURTHER CERTIFY that the Reporter's
Record of the proceedings truly and accurately reflects
the exhibits, if any, offered by the respective parties.

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Mary C. Hankins

MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters, Inc.
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2014