

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION COMMISSION**

**APPLICATIONS OF ASCENT ENERGY, LLC  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO**

**OCC Case Nos. 21277 & 21278  
(Division Case Nos. 16481 & 16482)**

**AMENDED APPLICATIONS OF APACHE  
CORPORATION FOR COMPULSORY POOLING  
AND APPROVAL OF A HORIZONTAL SPACING  
UNIT AND POTASH DEVELOPMENT AREA, EDDY  
COUNTY, NEW MEXICO**

**OCC Case Nos. 21279 & 21280  
(Division Case Nos. 20171 & 20202)**

**ORDER R-21258**

**ASCENT ENERGY, LLC'S RESPONSE IN OPPOSITION TO APACHE  
CORPORATION'S (AMENDED) MOTION TO STAY  
DE NOVO HEARING IN CASE NOS. 21277 - 21280**

Ascent Energy, LLC ("Ascent") submits its response in opposition to Apache Corporation's (Amended) Motion to Stay *De Novo* Hearing in Case Nos. 21277-21280 ("Motion to Stay"), together with a Supplement for the Division Re: Motion to Stay attached as Exhibit A.

**1. Factual and Procedural Background**

1. Ascent has spent the past 2 ½ years working to fully develop the BLM-approved Development Area consisting of the W/2 of Sections 28 and 33, Township 20 South, Range 30 East, Eddy County, New Mexico ("Ascent's Development Area").

2. Immediately after first acquiring working interests in Ascent's Development Area in February 2018, which are also in a Potash Development Area, Ascent began preparing for the development of the Bone Spring and Wolfcamp formations by following the BLM's guidelines

under BLM Secretarial Order No. 3324. This Order sets forth the procedures for the co-development of oil, gas and potash deposits owned by the United States. *See* Affidavit of Lee Zink, Ascent's Vice-President, Land, at ¶ 4-5, attached hereto as Exhibit B.

3. In February 2018, Ascent and BLM met onsite to review Drill Island options, after which, Ascent received two Drill Island approvals in Section 4, Township 21 South, Range 29 East, NMPM, Eddy County, for horizontal wells that will produce from the W/2 of Sections 28 and 33, Township 20 South, Range 30 East. On March 30, 2018, Ascent notified offset owners through Notification of Development Area ("DA") for the Anvil DA proposal. Only Apache Corporation ("Apache") protested Ascent's DA. *Id.* at ¶ 6.

4. Ascent filed its applications with the BLM on June 8, 2018, for the right to drill the Anvil Federal Com Wells 401H, 501H, and 601H, for the Bone Spring, and Anvil Federal Com Wells 701H and 702H for the Wolfcamp formation from the W/2 W/2 of Sections 28 and 33 (the "W/2 W/2 Lands") from Drill Islands located in the NE/4 of Section 4, Township 21 South, Range 30 East. *Id.* at ¶ 7.

5. Ascent filed its Pooling Applications for the W/2 W/2 Lands with the Division on October 2, 2018. Ascent endured multiple filings of continuances, delaying its plans for development, as Apache pursued its competing Applications. *Id.* at ¶ 8.

6. Apache made an appearance after which it filed a Prehearing Statement on October 25, 2018, announcing it had requested a continuance to prepare a competing application. Apache filed its Amended Application for Case No. 20171 on December 12, 2018, and filed its Application for Case No. 20202 on March 15, 2019. Both of these application sought orders for the creation of horizontal spacing units and for compulsory pooling for the N/2 of Sections 28 and 29, and the NE/4 of Section 30, Township 20 South, Range 30 East in Eddy County

(Apache's "Lay Down Unit"). At the hearing, Apache withdrew its request for compulsory pooling and requested only approval of its proposed development plan on federal acreage. *Id.* at ¶ 9.

7. Mewbourne did not make an appearance in any of Ascent's cases until January 8, 2019, after Ascent had already been working with the Division for six months in an effort to bring its plans to fruition. *Id.* at ¶ 10.

8. Upon receipt of Mewbourne's delayed well proposals for the W/2 W/2 Lands in January 2019, Ascent and Mewbourne entered into negotiations to resolve the matter, resulting in a preliminary Letter Agreement dated January 30, 2019, that had specific conditions and a term expiring February 28, 2019. The parties extended this term until March 6, 2019 to attempt a closing which did not happen due to issues of marketable title; therefore, the Letter Agreement expired under its own terms. Ascent continued to negotiate with Mewbourne to work out a deal, but the scope and nature of that deal had changed and was never memorialized in writing. At the Division's hearing, Lee Zink knew that negotiations were still in progress for a deal that could result in an additional 50% working interest for Ascent, and his testimony to that effect demonstrated Ascent's ongoing efforts to develop the W/2 W/2 Lands to the full extent of Ascent's capabilities. *Id.* at ¶ 11.

9. On April 14, 2020, more than two years after Ascent began the process, the Division approved Ascent's development plan by Order R-21258 and denied Apache's request for spacing of its Lay Down Unit.

10. On April 16, 2020, the BLM granted Ascent's request for a permit for its Development Plan encompassing all of the W/2 of Sections 28 and 33. Zink Affidavit (Ex. A) at ¶ 12.

11. On May 4, 2020, Mewbourne filed applications for a *de novo* hearing in Case Nos. 16481, 16482, 20171, and 20202 and Apache filed an application for a *de novo* hearing on May 7, 2020. The Commission has set the *de novo* hearing on these cases (Commission Case Nos. 21277 through 21280) for September 17, 2020.

12. On July 6, 2020, Mewbourne filed pooling and spacing applications covering both the W/2 W/2 Lands, Case Nos. 21362 and 21364, and the E/2 W/2 Lands, Case Nos. 21361 and 21363.

13. On July 13, 2020, Ascent proposed wells for the E/2 W/2 Lands. These Lands are within Ascent's federally granted Development Area covering the W/2 of Sections 28 and 33.

14. On July 15, 2020, Mewbourne filed a motion for consolidation of its pooling Case Nos. 21361 – 21364, requesting that they be referred for hearing in conjunction with the Commission's *de novo* hearing on Commission Case Nos. 21277 through 21280 (Division Case Nos. 16481, 16482, 20171 and 20202.)

15. On July 23, 2020, both Apache and Ascent filed responses in opposition to Mewbourne's Motion to Refer. In its Response, Ascent informed the Division that it was in the process of preparing pooling and spacing applications for the E/2 W/2 Lands and that while it does not object to referring Mewbourne's applications for the W/2 W/2 Lands to the Commission as part of the *de novo* hearing, that it objected to referring the applications for the E/2 W/2 Lands to the Commission since those lands were not affected by the Division's determination of the W/2 W/2 Lands.

16. On August 4, 2020, Ascent filed pooling and spacing applications covering the E/2 W/2 Lands, Case Nos. 21393 and 21394. There was no surprise involved in Ascent filing applications to develop the E/2 W/2 Lands since it obtained approval from the BLM to do so and

stated its plan to file such applications in the hearing on its W/2 W/2 Lands before the Division and because Ascent had sent out well proposals to Mewbourne on July 13, 2020. *See* August 19, 2019 Hearing Transcript at 23:9-11. (Copies of the pertinent pages of the Hearing Transcript are attached hereto as Exhibit C.)

17. On August 5, 2020, Apache filed its Motion to Stay, requesting a stay of the *de novo* hearing that the Commission has set for September 17, 2020 so that the Division can first hear Apache's pooling applications and Mewbourne's and Ascent's applications for the E/2 W/2 Lands. (Apache stated in its Motion that it intended to file competing applications for the W/2 W/2 Lands and the E/2 W/2 Lands. However, counsel for Apache has informed undersigned counsel and counsel for Mewbourne that Apache will instead be resubmitting its pooling applications for its Lay Down Unit, *i.e.*, the N/2 of Sections 28 and 29 and the NE/2 of Section 30. Apache is also requesting that after the Division issues its decision on these competing applications that the Commission consolidate all appeals from these cases and hold a *de novo* hearing on all cases before the Division involving the W/2 of Sections 28 and 33, including Apache's Lay Down Unit pooling and spacing applications.

18. The following table sets forth all of the completing applications that Ascent, Apache, and Mewbourne (labelled as "MOC") have filed with the Division and the two applications that Apache plans to file sometime in the near future:

<b>Party</b>	<b>Division Case No.</b>	<b>Filing Date</b>	<b>Lands Covered</b>	<b>Formation</b>	<b>Status</b>
Ascent	16481	10/2/2018	W/2 W/2 Lands	Bone Spring	OCC Hearing
Ascent	16482	10/2/2018	W/2 W/2 Lands	Wolfcamp	OCC Hearing
Apache	20171	12/11/2018	N/2 of Sections 28 and 29; NE/4 Section 30	Wolfcamp	OCC Hearing Spacing Only
Apache	20202	12/11/2018	N/2 of Sections 28 and 29; NE/4 Section 30	Bone Spring	OCC Hearing Spacing Only
MOC	21362	7/6/2020	W/2 W/2 Lands	Bone Spring	Filed; no hearing date set
MOC	21364	7/6/2020	W/2 W/2 Lands	Wolfcamp	Filed; no hearing date set
MOC	21361	7/6/2020	E/2 W/2 Lands	Bone Spring	Filed; no hearing date set
MOC	21363	7/6/2020	E/2 W/2 Lands	Wolfcamp	Filed; no hearing date set
Ascent	21393	8/4/2020	E/2 W/2 Lands	Bone Spring	Filed; no hearing date set
Ascent	21394	8/4/2020	E/2 W/2 Lands	Wolfcamp	Filed; no hearing date set
Apache	Not Filed	Not Filed	N/2 of Sections 28 and 29; NE/4 Section 30	Bone Spring	Not Filed Pooling Only
Apache	Not Filed	Not Filed	N/2 of Sections 28 and 29; NE/4 Section 30	Wolfcamp	Not Filed Pooling Only

## **2. Legal Argument**

### **A. Summary of the Argument**

19. Apache's Motion to Stay is fatally flawed because the Division has already approved Ascent's pooling and spacing application for the W/2 W/2 Lands. Thus, the Division lacks the jurisdiction to consider Apache's pooling application for its Lay Down Unit that includes the NW/4 of Section 28, part of the W/2 W/2 Lands that the Division has already pooled and spaced.

20. Notwithstanding this fundamental defect, Apache's Motion to Stay fails to establish good cause to stay the Commission's September 17, 2020 *de novo* hearing. The gist of Apache's argument is that the resolution of the six competing applications currently pending before the Commission are complex, but that they should be stayed until the Division decides not only Ascent's and Mewbourne's four competing pooling and spacing applications for the E/2 W/2 Lands, but also Apache's pooling application for its Lay Down Unit, in order for the Commission to hear all of the cases affecting the W/2 of Sections 28 and 33 in one *de novo* hearing. Motion to Stay at ¶¶ 14-15. Simply put, Apache's proposed solution to complexity is to add even more layers of complexity. Ascent ascribes to another approach – the timely disposition of an appeal from the Division's April 14, 2020 decision as contemplated by the Commission's enabling statute and its own Rules.

21. The three parties have proposed three different procedural scenarios to resolve the twelve (12) pending applications to pool and space lands in the W/2 of Sections 28 and 33: (1) Apache's plan to stay the Commission's *de novo* hearing would result in significant delays and administrative inefficiencies, a plan that Mewbourne has endorsed; (2) Mewbourne's original plan, in its Motion to Refer, is to short circuit the process and toss all twelve (12) applications

into the kitchen sink for the Commission to decide in one *de novo* hearing would not only deprive the process of the Division's technical expertise, it would cause a different set of administrative inefficiencies; however, now they have agreed with Apache to stay the *de novo* hearing, and like Apache, have all Mewbourne's applications heard by the Division prior to the *de novo* hearing (Ascent is uncertain which plan Mewbourne favors at this moment); and (3) Ascent's plan to proceed in an orderly fashion that would follow the Division's and Commission's regular procedures and achieve an efficient, fair, and timely resolution of all competing development plans.

**B. The Division lacks the authority to consider Apache's Pooling Applications for its Lay Down Unit since it has already approved Ascent's mutually exclusive pooling and spacing applications.**

22. The Division no longer has jurisdiction to decide Apache's applications for compulsory pooling of its Lay Down Unit. The Division has already approved Ascent's pooling and spacing applications covering the W/2 W/2 Lands, which includes the NW/4 of Section 28, lands also covered by Apache's pooling applications for its Lay Down Unit. Since the Division has already pooled the NW/4 of Section 28, Apache's only procedural recourse at this juncture is to establish at the Commission's *de novo* hearing that its spacing proposal for the Lay Down Unit is superior to the development plans proposed by Ascent and Mewbourne for the W/2 W/2 Lands. Only after Apache achieves that outcome, can it pursue its application to pool its Lay Down Unit. Simply put, once the Division decides a pooling issue, it cannot adjudicate another pooling application that covers the same lands and formations. Thus, the Commission should reject Apache's request to stay the Commission proceedings since the Division cannot hear Apache's pooling application for its Lay Down Unit at this time.



**C. Apache's proposal to stay the *de novo* hearing until the Division decides the competing development plans for the E/2 W/2 Lands would waste the Division's resources and prejudice the parties' interests seeking a timely resolution for their competing development plans impacting the W/2 W/2 Lands**

23. "The essence of justice is largely procedural. Procedural fairness and regularity are of the indispensable essence of liberty." *Uhden v. New Mexico Oil Conservation Com'n*, 112 N.M. 528, 530-531, 817 P.2d 721, 723-724 (N.M. 1991). See also, NMAC 19.15.4.21 ("The division examiner shall have the power to perform all acts and take all measures necessary and proper for the hearing's efficient and orderly conduct, . . . ) Ascent is advocating a process that will result in an efficient and timely resolution of all the pending cases that serves these fundamental interests. The procedural options proposed by Apache and Mewbourne work against those interests.

24. The table of applications set forth in Paragraph 18, above, illustrates the weakness of Apache's Motion to Stay and reveals certain factual errors in that Motion. First, if the September 17, 2020 OCC *de novo* hearing proceeds as scheduled, then Ascent's and Mewbourne's competing applications for the W/2 W/2 Lands and Apache's spacing application of its Lay Down Unit will be resolved a little more than two years after Ascent originally filed its applications covering the W/2 W/2 Lands. Conversely, if the Commission's *de novo* hearing is stayed pending the resolution of the competing applications for the E/2 W/2 Lands, it could very easily delay the development of the W/2 W/2 Lands an additional two years. For example, it took more than 18 months from the time that Ascent filed its pooling and spacing applications for W/2 W/2 Lands until the Division issued its decision and it took another five months to get a *de novo* hearing scheduled on that decision.

25. Moreover, under Apache's regulatory regime, if Commission's *de novo* hearings were stayed on a regular basis pending the Division's decision on subsequently filed development plans for the adjacent lands it would create a daisy chain effect that could keep expanding to include more and more lands leading to significant delays in the final resolution of development plans that are ripe for final Commission action.

26. Second, the table presents a visual reminder of the error in Apache's argument that the complexity of the resolution of the W/2 W/2 Lands is somehow ameliorated by jamming four more competing applications covering different lands, as well as Apache's pooling applications, into a single Commission hearing. *See* Motion to Stay at ¶¶ 14-15. This same kitchen sink approach also plagues original Mewbourne's proposal to hear all 12 applications in a single hearing. Although Mewbourne's original proposal would not include the long delay built into Apache's proposal, it would short circuit the regular processing of applications by cutting out the critical function of vetting applications that the Division's professional staff with specific engineering and geological expertise performs, as would normally occur in the first-tier of proper procedural review. Bypassing this essential first step would deprive the Commission and the parties of an integral part of the protective double layer that safeguards and insures the full and comprehensive consideration of waste, correlative rights, and conservation by both the Division and the Commission.

27. Third, Ascent's position would not only lead to an orderly and timely resolution of the competing applications for the W/2 W/2 Lands, it would increase the likelihood of a settlement or compromise between the parties to the competing applications for E/2 W/2 Lands. Specifically, the Commission must decide whether the BLM's decision to grant operating rights for Ascent's Development area now precludes Apache's and Mewbourne's competing

applications impacting the W/2 W/2 Lands. *See, e.g., United Nuclear Corp. v. U.S.*, 912 F.2d 1432, 1433 (Fed. Cir. 1990) (holding that a mining company had a legally protected property interest in uranium leases issued by the Navajo Tribal Counsel).

28. In addition, the Commission must determine whether Ascent's and Mewbourne's plan to develop the W/2 W/2 Lands is geologically and technically superior to Apache's proposed Lay Down Unit, which party carried the laboring oar in initiating and pursuing the pooling process, and whether each applicant will be a prudent operator of their respective development plans.

29. Furthermore, pursuant to Order No. R-10731-B, ¶ 23(d), the Commission, must decide how the pooled working interest in the W/2 W/2 Lands, not claimed by Mewbourne, is to be distributed. Under conditions of a *de novo* hearing, the W/2 W/2 Lands and E/2 W/2 Lands are factually distinguishable. In the W/2 W/2 Lands, based on precedent and policy, the Commission has authority and discretion to credit working interest to Ascent that it earned under its Pooling Order. *See* Order No. R-10731-B, ¶ 23(d). This is not the case for the E/2 W/2 Lands which lack the procedural history of adjudication by the Division. The redistribution of pooled working interest not claimed by Mewbourne in the W/2 W/2 Lands, but earned by Ascent under the Pooling Order, changes the facts and factors in a *de novo* hearing between the W/2 W/2 Lands and E/2 W/2 Lands.

30. Once the Commission resolves these issues at the *de novo* hearing, the parties will have a much better idea how the Commission might ultimately resolve the competing applications for the E/2 W/2 Lands, including Apache's Lay Down Unit, thereby increasing the likelihood of a compromise among the parties. On the other hand, if Apache's Motion to Stay is granted, then there will be very little incentive for, or basis upon which, to compromise, since the

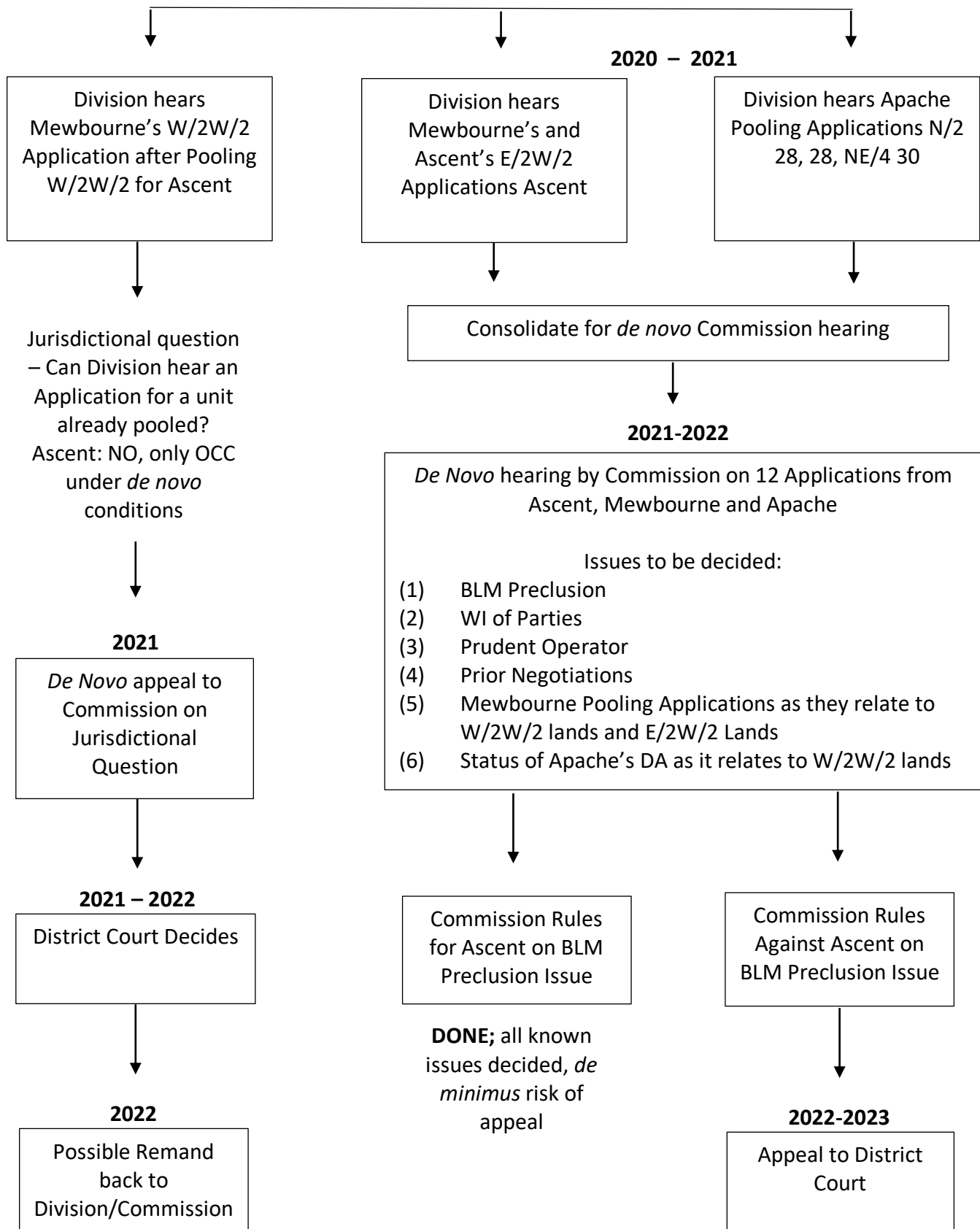
parties will not have the benefit of the Commission's decision on these matters until after they litigate the same issues before the Division and trudge off to the Commission to obtain a final resolution of these issues. This same deficiency – decreasing the likelihood of compromise between the parties - undercuts Mewbourne's suggestion that all twelve cases be referred to the Commission together to be heard in a single hearing.

31. Finally, Apache's suggestion that Ascent's response to Mewbourne's Motion to Refer supports its Motion to Stay is logically defective. *See* Motion to Stay ¶ 14. Ascent argued against the Motion to Refer because it would make the already complex *de novo* hearing on the W/2 W/2 Lands even more complex by unnecessarily adding in all of the competing applications for the E/2 W/2 Lands. However, Ascent acknowledged that if the Motion to Refer is granted, then its competing applications for the E/2 W/2 Lands should also be referred to the Commission as part of the cumbersome *de novo* hearing that Mewbourne is championing. Apache urges that if the competing applications for the E/2 W/2 Lands are referred to the Commission, then the Commission hearings should be stayed "pending outcome of the [Division] proceedings." *See* Motion to Stay at ¶ 14. However, if the Motion to Refer is granted, then there will not be any pending Division proceedings since the competing applications for the E/2 W/2 Lands will have been referred to the Commission.

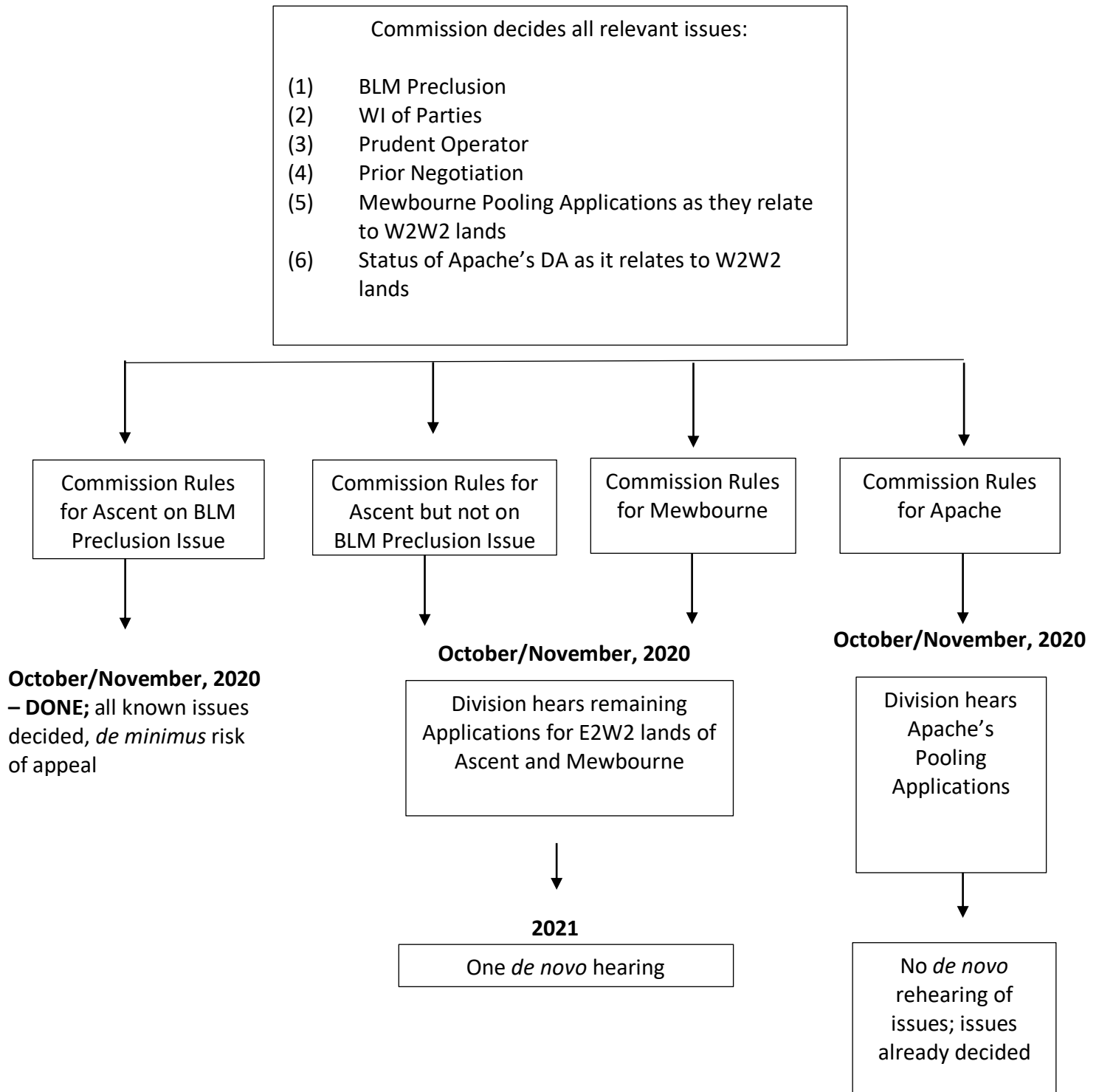
**D. Ascent's proposal to follow the Commission's regular procedures for evaluating competing development proposals is the most efficient option for the Commission to follow**

32. The parties have presented the Division and Commission with different procedures to resolve the competing development plans for the W/2 W/2 Lands, the E/2 W/2 Lands, and Apache's Lay Down Unit. The following flow chart is submitted as a visual guide to the competing procedure options:

Apache's and Mewbourne's Proposed Procedural Pathway –  
September 17, 2020 *de novo* hearing stayed; Division hears Apache's pooling application, Mewbourne's W/2W/2 applications and both E/2W/2 applications



**Ascent's Proposed Procedural Pathway**  
No stay of September 17, 2020 *de novo* hearing; no consolidation of cases



### **3. Conclusion**

33. Ascent's procedural proposal allows the Commission to untangle the Gordian Knot it now faces. Ascent respectfully submits that the Commission should deny Apache's Motion to Stay and proceed with the *de novo* hearing on the W/2 W/2 Lands and Apache's pooling application for its Lay Down Unit.

Respectfully Submitted,

ABADIE & SCHILL, PC

/s/ Andrew D. Schill

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**Attorneys for Ascent Energy, LLC**

### **Exhibits**

**Exhibit A:** Supplement for the Division Re: Ascent Energy, LLC's Response in Opposition to Apache Corporation's (Amended) Motion to Stay De Novo Hearing in Case Nos. 21277 – 21280

**Exhibit B:** Affidavit of Lee Zink, Ascent's Vice-President, Land,

**Exhibit C:** August 19, 2019 Hearing Transcript at 23:9-11.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on August 13, 2020:

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/s/ Darin C. Savage

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Darin C. Savage



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**ORDER R-21258**

**SUPPLEMENT FOR THE DIVISION RE: ASCENT ENERGY, LLC'S RESPONSE IN  
OPPOSITION TO APACHE CORPORATION'S (AMENDED) MOTION TO STAY  
DE NOVO HEARING IN CASE NOS. 21277 – 21280**

Ascent Energy, LLC, (“Ascent”) has submitted its Response in Opposition to Apache Corporation’s (Amended) Motion to Stay De Novo Hearing Case Nos. 21277 – 21280 (“Response”) to the Commission. The Division set this motion for a hearing on August 20, 2020.

NMAC 19.15.4.16(C) provides that if a case is pending before the Commission, the director shall rule on motions. However, this Rule also allows the director to “refer a motion for hearing by a division examiner specifically designated for the purpose, who, if the case is a *de*

**EXHIBIT**

**A**

*novo* application, shall not have participated in the case prior to the filing of the application for *de novo* hearing.”

Thus, in the event the Commission refers this matter to the Division, Ascent is submitting this Supplement to its Response to the Division for its consideration. Ascent respectfully requests that if this Motion is referred to the Division, that it deny the Motion to Stay submitted by Apache Corporation, and the Commission proceed unencumbered with its *de novo* hearing scheduled for September 17, 2020.

Respectfully Submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Darin C. Savage

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**Attorneys for Ascent Energy, LLC**



roles for Baytex Energy USA Ltd, maximizing Baytex's 180,000 acre land position across multiple states. I started my career with Transcontinent Oil Company in 2006 as a field Landman leasing and running title across various states in the Rocky Mountains. I have been with Ascent since its formation in 2016. Ascent is focused on the development of unconventional oil and gas resources in the Delaware Basin in Eddy and Lea Counties, New Mexico.

3. I have testified before the New Mexico Oil Conservation Division ("Division") and testified at the August 20, 2019 hearing before the Division in this matter. The Division has accepted my credentials and qualified me as an expert petroleum landman.

4. I have been involved in Ascent's plans to develop the W/2 of Sections 28 and 33, Township 20 South, Range 30 East in Eddy County since the inception of those plans in early 2018.

5. Immediately after first acquiring working interests in the W/2 of Sections 28 and 33 in February 2018, which are in a Potash Development Area, Ascent began preparing for the development of the Bone Spring and Wolfcamp formations by following the BLM's guidelines under BLM Secretarial Order No. 3324. This Order sets forth the procedures for the co-development of oil, gas and potash deposits owned by the United States.

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owners through Notification of Development Area ("DA") for the Anvil DA proposal. Only Apache protested Ascent's DA.

7. Ascent filed its applications with the BLM on June 8, 2018, for the right to drill the Anvil Federal Com Wells 401H, 501H, and 601H, for the Bone Spring, and Anvil Federal Com Wells 701H and 702H for the Wolfcamp formation from the W/2 W/2 of Sections 28 and 33 (the "W/2 W/2 Lands") from Drill Islands located in the NE/4 of Section 4, Township 21 South, Range 30 East.

8. Ascent filed its Pooling Applications for the W/2 W/2 Lands with the Division on October 2, 2018. Ascent faced multiple filings of continuances, delaying its plans for development, as Apache pursued its competing Applications.

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12. On April 16, 2020, Ascent was granted federal approval for its Development Plan encompassing all of the W/2 of Sections 28 and 33.

Dated this 13<sup>th</sup> day of August, 2020.

  
\_\_\_\_\_  
Lee Zink

SUBSCRIBED and SWORN to before me this 13<sup>th</sup> day of August, 2020, by Lee Zink.

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My commission expires:

May 29, 2022

HANNA GRACE BARNES-OBERLE  
NOTARY PUBLIC - STATE OF COLORADO  
NOTARY ID 20184022450  
MY COMMISSION EXPIRES MAY 29, 2022

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                      CASE NOS. 16481,  
FOR COMPULSORY POOLING, EDDY COUNTY,                      16482  
NEW MEXICO.

AMENDED APPLICATION OF APACHE                      CASE NO. 20171  
CORPORATION FOR COMPULSORY POOLING  
AND APPROVAL OF A HORIZONTAL SPACING  
UNIT AND POTASH AREA DEVELOPMENT AREA,  
EDDY COUNTY, NEW MEXICO.

APPLICATION OF APACHE CORPORATION FOR                      CASE NO. 20202  
COMPULSORY POOLING AND APPROVAL OF A  
HORIZONTAL SPACING UNIT AND POTASH AREA  
DEVELOPMENT AREA, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 20, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER  
DYLAN ROSE-COSS, TECHNICAL EXAMINER  
BILL BRANCARD, LEGAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner; Dylan Rose-Coss, Technical Examiner; and  
Bill Brancard, Legal Examiner, on Tuesday, August 20,  
2019, 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  
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1 and that is our Wolfcamp XY target, again using the same  
2 drill islands and same bottom hole.

3 And then the last well is our Anvil Fed Com  
4 702H, which is our Wolfcamp A, and again it's using the  
5 same drill island drilling two miles north.

6 **Q. Now, you're here today for the west half-west**  
7 **half wells; is that correct?**

8 A. That's correct.

9 **Q. Does Ascent intend to fully develop the west**  
10 **half of both of Sections 28 and 33?**

11 A. Yes.

12 **Q. Are there any depth severances in the Bone**  
13 **Spring Formation or the Wolfcamp Formation?**

14 A. There are no depth severances in the Bone  
15 Spring or the Wolfcamp.

16 **Q. If you could move on to Exhibit 2 and identify**  
17 **that for the Examiner.**

18 A. A-2?

19 **Q. Yes, A-2.**

20 A. Exhibit A-2 is a copy of our well proposals  
21 that were sent out to the working interest owners in the  
22 Anvil development area, obviously one proposal for the  
23 401H, one for the 501H, 601H, 701H and 702. These are  
24 just examples. This particular package was the one sent  
25 out to EOG, but we sent a similar package out to all the