

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
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 Nos. 16481, 16482, 21393 &
21394**

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**Case Nos. 21361, 21362, 21363,
& 21364**

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

Case Nos. 21489, 21490, & 21491

PREHEARING STATEMENT

Ascent Energy, LLC, (“Ascent”), OGRID No. 325830, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division (“Division”).

APPEARANCES

APPLICANT

Ascent Energy, LLC

ATTORNEY

Darin C. Savage
William E. Zimsky

Andrew D. Schill

Abadie & Schill, PC
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
andrew@abadieschill.com

PARTIES IN COMPETITION

Mewbourne Oil Company

Apache Corporation

ATTORNEY

Dana S. Hardy
Dioscoro "Andy" Blanco
Hinkle Shanor LLP
Post Office Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554
dhardy@hinklelawfirm.com
dblanc@hinklelawfirm.com

Earl E. DeBrine, Jr.
Deana M. Bennett
Lance D. Hough
Modrall, Sperling, Roehl, Harris, Sisk, P.A.
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
(505) 848-1800
edebrine@modrall.com
dmb@modrall.com
ldh@modrall.com

APPLICANT'S STATEMENT OF CASES

In Case Nos. 16481 and 16482, the Division granted Ascent, pursuant to Order No. 21258, operatorship of two units, and ownership of pooled interests, in the Bone Spring formation and in the Wolfcamp formation underlying the W/2 W/2 of Sections 28 and 33, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico ("W/2 W/2 Lands"). These cases were part

of a contested hearing held August 20, 2019, against Apache Corporation (“Apache”), who as Ascent’s opponent, presented applications in Case Nos. 20171 and 20202 for the pooling and operatorship of units in the Bone Spring formation and Wolfcamp formation underlying the N/2 of Sections 28 and 29, and the NE/4 of Section 30, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico (“Apache’s Laydown Plan”). In these proceedings, Mewbourne Oil Company (“Mewbourne”) made an entry of appearance and attended the hearing as a party of record for Case Nos. 16481, 16482, 20171 and 20202, through its counsel.

After the Division issued Order No. 21258, Mewbourne and Apache made application to appeal the Order by requesting a de novo hearing with the the Oil Conservation Commission (“Commission”), pursuant to NMSA 1978 Section 70-2-13, which was granted. However, prior to the de novo hearing, Mewbourne filed applications, Case Nos. 21362 and 21364, for the re-pooling of the W/2 W/2 Lands, and Case Nos. 21361 and 21363, for the pooling of the E/2 W/2 of Sections 28 and 33, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico (“E/2 W/2 Lands”). Similarly, Apache took this opportunity, having been granted its stay of the de novo hearing, to revisit its Laydown Plan for the N/2 of Sections 28 and 29, and the NE/4 of Section 30 in its new pooling applications for the same lands in Case Nos. 21489, 21490 and 21491.

After extensive briefing on procedural matters and issues involving questions of the proper disposition of these cases, both at the level of the Division and the Commission, the parties are presently waiting on Division’s final findings and rulings on the motions filed and argued in Case Nos. 21489, 21490 and 21491. In the meantime, the Division has assumed jurisdiction over the cases and has scheduled to hear them on February 18, 2021.

Ascent, having received BLM approval of its Development Area encompassing the W/2 of Sections 28 and 33, filed additional pooling applications for the E/2 W/2 Lands in Case Nos. 21393 and 21394 in an effort to pursue and complete its Development Plan as originally conceived. Ascent seeks to maintain its status as operator of its Anvil Fed Com Wells in the W/2 W/2 Lands pursuant to Division Order No. 21258 and BLM approval of its Development Plan for the W/2 W/2 Lands. In Case Nos. 21393 and 21394, Ascent seeks an order granting operatorship and the pooling of all uncommitted owners in the Bone Spring formation in the E/2 W/2 Lands, to which it proposes to dedicate the Anvil Fed Com 502H, 503H, and 602H Wells, and an order granting operatorship and the pooling of all uncommitted owners in the Wolfcamp formation in the E/2 W/2 Lands, to which Ascent proposes to dedicate its Anvil Fed Com 703H Well.

Currently, Ascent holds a 34.1% interest in its proposed spacing units and in the spacing units proposed by Mewbourne. Mewbourne claims a 62.5% interest in its proposed spacing units and in the spacing units proposed by Ascent, a claim which Ascent disputes and contests. Apache claims a 38.42% interest in its proposed spacing unit. Ascent claims a 16.4% interest in the spacing unit proposed by Apache. Mewbourne does not claim an interest in the spacing unit proposed by Apache. The remainder of disputed facts and issues relate to which of the three competing proposed development plans best prevent waste, protect correlative rights, and avoid the drilling of unnecessary wells. It should be noted, to the extent that the Division may find it relevant, that these criteria -- prevention of waste, protection of correlative rights, and the avoidance of unnecessary wells -- have been adjudicated once by the Division for the W/2 W/2 Lands with all applicants present. Ascent's development plan was selected by the Division because it best met these criteria, with a major consideration being Ascent's prevention of stranded acreage, for which the BLM also expressed its approval.

APPLICANT’S PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Lee Zink - Landman See Exhibit A in Hearing Packet for E/2 W/2 for credentials	Approx. 2 hrs	Approx. 20
Ben Metz – Geologist See Exhibit B in Hearing Packet for E/2 W/2 for credentials	Approx. 2 hrs	Approx. 23
Gema Volek – Drilling Engineer See Exhibit D in Hearing Packet for E/2 W/2 for credentials	Approx. 1 hr	Approx. 4
Jamie Hecht – Reservoir Engineer See Exhibit E in Hearing Packet for E/2 W/2 for credentials	Approx 1 hr	Approx. 9

PROCEDURAL MATTERS

Ascent respectfully submits that this hearing at the Division level of the above-referenced cases is not a de novo hearing, but a Division-level hearing that should be premised upon and incorporate the record of the original Division hearing held on August 20, 2019, for Case Nos. 16481, 16482, 20171 and 20202, as it involves the same cases, lands and parties, and therefore, Ascent respectfully requests that all testimony and exhibits of the original hearing be incorporated by reference into the hearing for the above-referenced cases to be held February 18, 2021. Furthermore, Ascent respectfully requests that the motions and pleadings filed in Commission Case Nos. 21277, 21278, 21279 and 21280 and in Division Case Nos. 21361, 21362, 21363, 21364, 21489, 21490, and 21491, as well as Commission Order Nos. R-21454 and R-21454-A, be incorporated by reference and made a part of the record of the hearing for the above-reference cases, as the pleadings are material foundation to the hearing of the above-referenced cases having developed and described the underlying procedural issues and basis of the support, in the case of

Apache and Mewbourne, and objections, in the case of Ascent, expressed by the parties involved in these proceedings.

Finally, Ascent respectfully requests that the parties to this hearing held February 18, 2021, be provided the opportunity to submit a closing brief in support of its applications and cases.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage
William E. Zimsky
Andrew D. Schill
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Ascent Energy, LLC

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 February 11, 2021:

Dana S. Hardy
Dioscoro “Andy” Blanco
Hinkle Shanor LLP
Post Office Box 2068
Santa Fe, New Mexico 87504
dhardy@hinklelawfirm.com
dblanco@hinklelawfirm.com
Attorneys for Mewbourne Oil Company

Ernest L. Padilla
P.O. Box 2523
Santa Fe, NM 87504
(505) 988-7577
PadillaLawNM@outlook.com
Attorney for EOG Resources, Inc.

Earl E. DeBrine, Jr.
Deana M. Bennett
Lance D. Hough
Modrall, Sperling, Roehl, Harris & Sisk, P.A.
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
(505) 848-1800
edebrine@modrall.com
dmb@modrall.com
ldh@modrall.com
Attorneys for Apache Corporation

Dalva L. Moellenberg
Gallaher & Kennedy, PA
1239 Paseo de Peralta
Santa Fe, NM 87501-2758
dlim@gknet.com
Attorney for Oxy USA, Inc.

/s/ Darin C. Savage

Darin C. Savage