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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 APACHE CORPORATION  
FOR STATUTORY UNITIZATION,  
LEA COUNTY, NEW MEXICO  
and  
APPLICATION OF APACHE CORPORATION  
FOR APPROVAL OF A WATERFLOOD  
PROJECT AND TO QUALIFY THE PROJECT  
FOR THE RECOVERED OIL TAX RATE,  
LEA COUNTY, NEW MEXICO

**COPY**  
CASE NOS. 14125 & 14126

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REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Legal Examiner  
TERRY G. WARNELL, Technical Examiner

May 29, 2008

Santa Fe, New Mexico

This matter came for hearing before the New Mexico Oil  
Conservation Division, DAVID K. BROOKS, Legal Examiner, and  
TERRY G. WARNELL, Technical Examiner, on May 29, 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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A P P E A R A N C E S

FOR THE APPLICANT:

James G. Bruce, Esq.  
ATTORNEY AT LAW  
P.O. Box 1056  
Santa Fe, New Mexico 87504

PAGE

APPLICANT EXHIBITS 11-A, 13-A, 13-B, 17-A, 32-A, 32-B

6

1 MR. BROOKS: At this time, we'll call Case No. 14125,  
2 Application of Apache Corporation for Statutory Unitization,  
3 Lea County, New Mexico for supplementation of the record.

4 Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
6 representing the applicant. I would ask that the next Case  
7 No. 14126 also be called at this time.

8 MR. BROOKS: Okay. Pursuant to that, we will now  
9 call Case No. 14126, the Application of Apache Corporation for  
10 Approval of a Waterflood Project and to Qualify the Project for  
11 Recovered Oil Tax Rate, Lea County, New Mexico for  
12 supplementation of the record.

13 Call for appearances.

14 MR. BRUCE: Again, Jim Bruce of Santa Fe,  
15 representing the applicant.

16 MR. BROOKS: You pay proceed, Mr. Bruce.

17 MR. BRUCE: Mr. Examiner, as you know, these two  
18 cases were heard -- were consolidated for hearing and heard two  
19 weeks ago. They were continued for certain notice purposes and  
20 to supplement some technical data.

21 I've handed you a packet of exhibits. I'll go  
22 through the odd numbering of the these exhibits. In the  
23 original -- at the original hearing, Exhibit 11-A was the  
24 Affidavit of Notice to the royalty and overriding royalty  
25 owners.

1 Exhibit 11-A is a supplement to that. At the time of  
2 the hearing, there were a number of green cards and returned  
3 letters that had not been available. And those are now  
4 submitted as Exhibit 11-A.

5 Exhibits 13-A and 13-B were supplementary legal  
6 notices published in the Hobbs newspaper to ensure that all  
7 parties who had not received actual written notice were given  
8 publication notice. And, I believe, if you go through the list  
9 of Exhibits 13, 13-A and 13-B, you will find that all persons  
10 who did not receive actual notice were noticed by publication.

11 Exhibit 17-A is another Notice of Affidavit.  
12 Originally Exhibit 17 was the notice to the offsets of the  
13 injection application. There were two additional offsets,  
14 Range Operating New Mexico and Cimarex Energy Company of  
15 Colorado, and they have been given notice. And that is  
16 reflected in Exhibit 17-A. And they were given notice of this  
17 actual hearing date, not of the prior hearing date.

18 Supplementing the record, the Examiners had requested  
19 at the hearing water analyses. The original C-108 was marked  
20 Exhibit 32, so Exhibit 32-A are two water samples that were  
21 collected by Apache. And at the hearing, the Examiners also  
22 requested well bore sketches, and those are submitted as  
23 Exhibit 32-B.

24 I believe, although I don't have copies, there were  
25 spreadsheets of the well data in the original C-108. The

1 Examiners had requested that those also be submitted  
2 electronically, and that was done. I'm not resubmitting that  
3 data.

4 And, then, finally, cement top calculations were  
5 submitted, but I wanted to make sure that if the Examiners have  
6 any questions we will -- they contact me and get any additional  
7 cement top data they need. Cement calculations will be  
8 submitted to them subsequent to the hearing.

9 And with that, I move the admission of Exhibits 11-A,  
10 13-A, 13-B, 17-A, 32-A, and 32-B be admitted as part of the  
11 record.

12 MR. BROOKS: Okay. That was 11-A -- what else?

13 MR. BRUCE: 13-A.

14 MR. BROOKS: 13-A.

15 MR. BRUCE: 13-B.

16 MR. BROOKS: 13-B.

17 MR. BRUCE: 17 A.

18 MR. BROOKS: 17-A.

19 MR. BRUCE: 32-A and 32-B.

20 MR. BROOKS: 32-B. Okay. Because you pointed out  
21 that some of the notices call for this hearing instead of the  
22 previous hearing in which this case was actually heard, I will  
23 for the record once again ask: Is there anyone here that wants  
24 to enter an appearance or otherwise respond in Case No. 14126,  
25 Application of Apache Corporation for a Waterflood Project or

1 for Case No. 14125, Application of Apache Corporation for  
2 Statutory Unitization?

3 Hearing none, Exhibits 11-A, 13-A, 13-B, 17-A, 32-A,  
4 and 32-B are admitted. And Mr. Warnell, I will let you take it  
5 from here since you were the Presiding Examiner on this case.

6 MR. WARNELL: I think we've got everything. I've  
7 gotten e-mails and all, so we're in good shape.

8 MR. BRUCE: Okay. Thank you.

9 MR. BROOKS: Very good. If there's nothing further  
10 then, Cases No. 14125 and 14126 will be taken under advisement.

11 [Hearing concluded.]

12 \* \* \* \* \*

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16 I do hereby certify that the foregoing is  
17 a complete record of the proceedings in  
18 the Examiner hearing of Case No. \_\_\_\_\_  
19 heard by me on \_\_\_\_\_.

20 \_\_\_\_\_, Examiner  
21 Oil Conservation Division  
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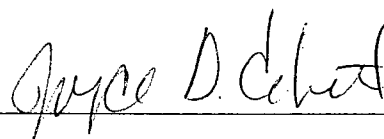
## REPORTER'S CERTIFICATE

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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.

Signed this 29th day of May, 2008.



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

1 STATE OF NEW MEXICO )  
 )  
 2 COUNTY OF BERNALILLO )

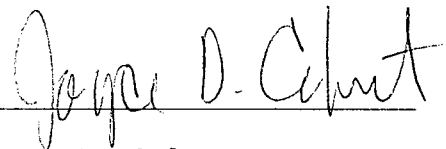
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4 I, JOYCE D. CALVERT, a New Mexico Provisional  
 Reporter, working under the direction and direct supervision of  
 Paul Baca, New Mexico CCR License Number 112, hereby certify  
 5 that I reported the attached proceedings; that pages numbered  
 1-6 inclusive, are a true and correct transcript of my  
 6 stenographic notes. On the date I reported these proceedings,  
 I was the holder of Provisional License Number P-03.

7 Dated at Albuquerque, New Mexico, 29th day of  
 May, 2008.

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

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

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