

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. 14383

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

September 17, 2009

Santa Fe, New Mexico

This matter came on for hearing before the  
New Mexico Oil Conservation Division, RICHARD EZEANYIM,  
Presiding Examiner; DAVID K. BROOKS, Legal Examiner; and  
TERRY G. WARNELL, Technical Examiner, on Thursday,  
September 17, 2009, at the New Mexico Energy, Minerals  
and Natural Resources Department, 1220 South St. Francis  
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Jacqueline R. Lujan, CCR #91  
Paul Baca Professional Court Reporters  
500 Fourth Street, N.W., Suite 105  
Albuquerque, NM 87103 505-843-9241

A P P E A R A N C E S

FOR THE APPLICANT:

JAMES G. BRUCE, ATTORNEY AT LAW  
P.O. Box 1056  
Santa Fe, New Mexico 87504-1056

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EXHIBITS 1 THROUGH 3 WERE ADMITTED

5

REPORTER'S CERTIFICATE

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1                   MR. EZEANYIM: We go to page three and  
2 call the first case, Case Number 14362. This is  
3 continuing from the August 20 Examiner Hearing. This is  
4 the application of Chesapeake Operating, Inc., for  
5 statutory -- I'm sorry. This is not what I want to do.  
6 I told you I want to do compulsory case.

7                   Let's go back to page 5. On page 5, now we go  
8 to those two compulsory cases like I said before. Case  
9 Number 14383, application of Apache Corporation for  
10 compulsory pooling, Lea County, New Mexico. Call for  
11 appearances.

12                  MR. BRUCE: Mr. Examiner, Jim Bruce of  
13 Santa Fe representing the applicant. I'm submitting this  
14 by affidavit.

15                  MR. EZEANYIM: Any other appearances? You  
16 may proceed, Mr. Bruce.

17                  MR. BRUCE: Mr. Examiner, in this case  
18 Apache seeks the pooling of the southwest quarter  
19 northwest quarter of Section 11, Township 20 South, Range  
20 38 East from the surface to the base of Drinkard  
21 formation.

22                  Attached as Exhibit 1 is the affidavit of  
23 Michelle Hanson, Apache's landman. Exhibit A attached to  
24 the affidavit shows -- highlights the acreage being  
25 pooled, and Exhibit B lists the interest owners being

1 pooled. For the most part, they're unlocateable interest  
2 owners, and the only people with valid addresss are  
3 Robert Groves Howard and Thelma Marie Carlin.

4 Apache has sent proposal letters to those  
5 people. They have also checked all the pertinent  
6 records, Internet records, to locate the unlocateable  
7 people. This is actually the second well on this well  
8 unit drilled by Apache. If you look at the land plat,  
9 the west half of the northwest quarter is a single fee  
10 tract with numerous, numerous mineral owners, and they  
11 have been -- they have drilled a couple of wells on this  
12 acreage, so they have been looking for these people for a  
13 couple of years and have been unable to locate them.

14 Exhibit D is the AFE for the well. The well  
15 is a little over a million one, and the overhead rates  
16 requested are 6,000 a month for a drilling well and 600 a  
17 month for a producing well.

18 Exhibit 2 is my affidavit of notice. There  
19 were three entities with addresss. Only one of the  
20 addresses appears valid, and this comports with my prior  
21 notices to these addresss and the other wells that I  
22 mentioned. And as a result, we did submit to the Hobbs  
23 newspaper a notice to be published, and Exhibit 3 is the  
24 affidavit of notice which identifies all people in the  
25 well unit, including the one person -- the one woman who

1 did receive actual notice.

2 With that I would move the admission of  
3 Exhibits 1 through 3 and ask that they be admitted into  
4 evidence.

5 MR. EZEANYIM: Exhibits 1, 2 and 3 will be  
6 admitted.

7 (Exhibits 1 through 3 were admitted.)

8 MR. BRUCE: That's it.

9 MR. EZEANYIM: Any questions?

10 MR. BROOKS: From the surface to the base  
11 of the Drinkard, is that the same ownership for all  
12 depths --

13 MR. BRUCE: Yes. The ownership is common  
14 as to all depths in this tract.

15 MR. BROOKS: And there were, of course,  
16 several people you were unable to locate, and they're all  
17 on this legal notice?

18 MR. BRUCE: Yes.

19 MR. BROOKS: Okay. I will let the  
20 Examiner check and verify that, do that on my own when  
21 I'm the examiner, but I won't try to do it while you all  
22 are sitting here. That's all my questions.

23 MR. WARNELL: Do you have an API number  
24 for this well?

25 MR. BRUCE: I will check. I did check

1 last week, and they did not have an API number. I will  
2 check again and let you know.

3 MR. WARNELL: Has it been drilled or  
4 spudded or do you know?

5 MR. BRUCE: No, it has not been drilled.

6 MR. WARNELL: And the notice was  
7 published?

8 MR. BRUCE: It was published on the 31st  
9 of August in the Hobbs newspaper. Or I should say August  
10 29th.

11 MR. BROOKS: I was going to say the 31st  
12 is only 18 days.

13 MR. WARNELL: That's all I have.

14 MR. EZEANYIM: Okay. Mr. Bruce, since you  
15 didn't locate everybody, you are going to establish some  
16 escrow here?

17 MR. BRUCE: Yes. I believe they already  
18 have. But put that in the order and I'll verify that for  
19 the Division. They have force pooled these same people.  
20 This is the third time they have force pooled.

21 MR. EZEANYIM: I didn't see any plat, Form  
22 C-102. Do you have any idea where the well is located?

23 MR. BRUCE: It is 2,260 feet from the  
24 north line --

25 MR. EZEANYIM: 2,200?

1 MR. BRUCE: 2,260 --

2 MR. EZEANYIM: -- from the north line

3 MR. BRUCE: And 330 from the west line.

4 MR. EZEANYIM: Okay. And no APD yet,  
5 since --

6 MR. BRUCE: As of last week. I'll check  
7 and verify and email you both.

8 MR. EZEANYIM: Okay. And what is the  
9 depth of the well?

10 MR. BRUCE: It is something over 7,000.  
11 7,350 is the estimated total depth.

12 MR. EZEANYIM: Okay. At this point, Case  
13 Number 14383 will be taken under advisement.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 14383  
heard by me on 9/17/09.

  
Examiner  
Oil Conservation Division

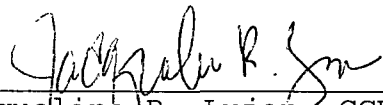
## REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO  
HEREBY CERTIFY that on September 17, 2009, proceedings in  
the above captioned case were taken before me and that I  
did report in stenographic shorthand the proceedings set  
forth herein, and the foregoing pages are a true and  
correct transcription to the best of my ability.

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

WITNESS MY HAND this 30th day of September,  
2009.

  
Jacqueline R. Lujan, CCR #91  
Expires: 12/31/2009

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