

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

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

CASE NO. _____

APPLICATION

Apache Corporation ("Apache"), OGRID Number 873, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Sections 11 and 14, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Apache states as follows:

1. Apache is an interest owner in the subject lands and has a right to drill a well thereon.
2. Apache seeks to dedicate the W/2 W/2 of Sections 11 and 14, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, Bone Spring horizontal spacing unit.
3. Apache plans to drill the **Dustbowl 11-14 Fed Com #201H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location in the SW/4 SW/4 of Section 14, Township 19 South, Range 32 East, NMPM, Lea County, and an intended bottom hole location in the NW/4 NW/4 of Section 11, Township 19 South, Range 32 East, NMPM, Lea County.

4. This well is proposed to be drilled vertically to a depth of approximately 9,600' to the Bone Spring formation and laterally in a northerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the Lusk; Bone Spring, East Pool (Pool Code: 41442) and will comply with the Division's setback requirements.

6. Apache sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Apache requests that this case is set for hearing before an Examiner of the Oil Conservation Division on February 6, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 320-acre horizontal spacing unit in the Bone Spring formation comprised of W/2 W/2 of Sections 11 and 14, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2 W/2 of Sections 11 and 14, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico;

C. Designating Apache as operator of this unit and the well to be drilled thereon;

D. Authorizing Apache to recover its costs of drilling, completing and equipping the well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 

Earl E. DeBrine, Jr.
Lance D. Hough
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrine@modrall.com
ldh@modrall.com
Attorneys for Applicant

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CASE NO. _____: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Sections 11 and 14, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dustbowl 11-14 Fed Com #201H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 33 miles west of Hobbs, New Mexico.