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2013 APR 29 P 4: 20

April 29, 2013

Case 14989

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Apache Corporation, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the May 30, 2013 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Apache Corporation

PERSONS NOTIFIED OF APPLICATION

- *C. S. Daley
- *The Heirs or Devisees of J. Kenneth Fasken, Deceased
- *The Heirs of Devisees of Harry Levy, Deceased
- *Beverly B. Nelson
- *Joseph Nelson
- *Gertrude Soper
- *Bernice Wade
- *John Lutrell
- *Libby Linn Underwood Moorish
- *Robert Joe Reichert
- *Pat Farris
- *Cheryl Menz
- *Douglas Menz
- *The Colorado Corporation
- *Bank of America, N.A., Trustee of the Myrtle L. Davis Trust

Audrey M. Baker
c/o Michel E. Curry, Trustee
P.O. Box 1263
Midland, TX 79702

Sally Rogers
152b Arroyo Hondo Road
Santa Fe, NM 87508

Max W. Coll III
7625-2 El Centro Blvd
Las Cruces, NM 88012

Muirfield Resources Company
P.O. Box 3166
Tulsa, OK 74101-3166

Burlington Resources Oil & Gas Company, L.P.
c/o ConocoPhillips Company
Attn: Ashley Manning-Dyke
600 N. Dairy Ashford, 2WL-15060
Houston, TX 77252-2197

Wells Fargo Bank, N.A., Trustee
Oil & Gas Distribution – Armstrong
P.O. Box 40909
Austin, TX 78704

Seven Ways Minerals, Ltd.
P.O. Box 6009
Midland, TX 79704

William J. Meier
257 Rutherford
Shreveport, LA 71104

A&P Family Limited Partnership
P.O. Box 1046
Eunice, NM 88231

Pat Alston Ward
207 Porr Drive
Ruidoso, NM 88355

Royalty Holding Company
3535 NW 58th Ste 720
Oklahoma City, OK 73112

The Allar Company
P.O. Box 1567
Graham, TX 76450

TLW Investments Inc.
6200 N. Western Ave.
Oklahoma City, OK 73118-1046

The Salient Zarvona Energy
1010 Lamar, Ste 500
Houston, TX 77002

Overton Energy Investment VI, LLC
4265 San Felipe, Ste 1040
Houston, TX 77027

*Indicates Interest Owners that cannot be located or are in suspense due to invalid address.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF APACHE CORPORATION
FOR COMPULSORY POOLING, LEA COUNTY, 29 P 4: 20
NEW MEXICO.

Case No. 14989

APPLICATION

Apache Corporation applies for an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, and has the right to drill a well thereon.
2. Applicant proposes to drill its Pinot Well No. 2, at an orthodox oil well location in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, and seeks to dedicate the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the House-Blinebry Pool, House-Tubb Pool, and House-Drinkard Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, from the surface to the base of the Drinkard formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Apache Corporation

PROPOSED ADVERTISEMENT

Case No. 14989: **Application of Apache Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the SW/4NW/4 of Section 2, Township 20 South, Range 38 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the House-Blinbry Pool, House-Tubb Pool, and House-Drinkard Pool. The unit will be dedicated to the Pinot Well No. 2, to be drilled at an orthodox oil well location in the SW/4NW/4 of Section 2. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2 miles southwest of Nadine, New Mexico.

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