



August 19, 2014

Earl E. DeBrine, Jr.
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Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

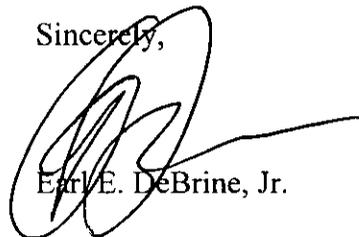
Re: In the Matter of the Application of Apache Corporation and
COG Operating LLC to Amend Order No. R-13382, Lea and
Eddy Counties, New Mexico, Case No. 14613 (Reopened)

Dear Ms. Davidson:

Enclosed is the original Application of Apache Corporation and COG
Operating LLC which was e-mailed to you for filing on August 19, 2014.

Thank you for your assistance. Please contact me if you have any
questions.

Sincerely,



Earl E. DeBrine, Jr.

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Enclosure

cc w/encl.: Ocean Munds-Dry
Jordan Kessler

Modrall Sperling
Roehl Harris & Sisk P.A.

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

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APPLICATION OF APACHE CORPORATION AND COG OPERATING LLC, TO AMEND ORDER NO. R-13382 ESTABLISHING TEMPORARY SPECIAL POOL RULES AND REGULATIONS FOR THE ARTESIA GLORIETA-YESO POOL, BEAR GRASS DRAW GLORIETA-YESO POOL, CEDAR LAKE GLORIETA-YESO POOL, EMPIRE GLORIETA-YESO POOL, EAST EMPIRE GLORIETA-YESO POOL, FREN GLORIETA-YESO POOL, EAST FREN GLORIETA-YESO POOL, GRAYBURG JACKSON YESO POOL, NORTH LEAMEX PADDOCK POOL, LOCO HILLS GLORIETA-YESO POOL, AND WEST MALJAMAR YESO POOL, LEA AND EDDY COUNTIES, NEW MEXICO AND TO MAKE THE AMENDED RULES PERMANENT.

CASE NO. 14613 (Reopened)

APPLICATION

Apache Corporation ("Apache") and COG Operating LLC, hereby make application for an order amending Temporary Special Pool Rules No. 2 for eleven Glorieta-Yeso pools established by Order No. R-13382-E and to make the amended Rules permanent, and in support thereof, state as follows:

1. By Order Nos. R-13382-E and R-13382-H¹ the Division established Temporary Special Rules for the following Glorieta-Yeso pools:

- (i) **Artesia Glorieta-Yeso Pool (96830)** created by Division Order No. R-11244, dated October 1, 1999 which currently covers the following lands:

Township 17 South, Range 28 East, NMPM

Section 25: S/2
Section 26: S/2
Section 27: S/2
Section 28: All
Section 29: S/2, NW/4
Section 32: N/2

¹ Order No. R-13382-H amended Order No. R-13582-E which had consolidated 5 pools (Cedar Lake-Glorieta-Yeso Pool; Fren-Glorieta-Yeso Pool; East Fren-Glorieta-Yeso Pool; Loco Hills-Glorieta-Yeso Pool and West Maljamar-Yeso Pool) and re-designated them the Mar-LoCo-Glorieta-Yeso Pool. Order No. R-13382-H disaggregated the new pool and re-designated the pools as they existed before the entry of Order No. R-13382-E.

Section 33: All
Section 34: NW/4
Section 35: W/2, NE/4
Section 36: NW/4

Township 18 South, Range 28 East, NMPM

Section 4: NW/4
Section 5: N/2
Section 6: W/2, NE/4

(ii) **Bear Grass Draw Glorieta-Yeso Pool (97534)** created by Division Order No. R-12619, dated September 1, 2006 which currently covers the following lands:

Township 17 South, Range 29 East, NMPM

Section 27: E/2, E/2 W/2, W/2 NW/4

(iii) **Empire Glorieta-Yeso Pool (96210)** created by Division Order No. R-10124, dated June 1, 1994 which currently covers the following lands:

Township 17 South, Range 28 East, NMPM

Section 23: E/2
Section 24: S/2

Township 17 South, Range 29 East, NMPM

Section 18: S/2
Section 19: All
Section 30: All

(iv) **East Empire Glorieta-Yeso Pool (96610)** created by Division Order No. R-10724, dated January 1, 1997 which currently covers the following lands:

Township 17 South, Range 29 East, NMPM

Section 17: SE/4
Section 20: All
Section 29: All

(v) **Grayburg Jackson Yeso Pool (28509)** created by Division Order No. R-12256, dated January 3, 2005 which currently covers the following lands:

Township 17 South, Range 29 East, NMPM

Section 10: E/2, E/2 W/2
Section 11: All
Section 14: All
Section 15: E/2
Section 22: SE/4, SE/4 SW/4, E/2 NE/4, SW/4 NE/4

- (vi) **North Leamex Paddock Pool (97549)** created by Order No. R-12646, dated October 1, 2006 which currently covers the following lands:

Township 17 South, Range 33 East, NMPM

Section 3: N/2, SW/4
Section 4: S/2

- (vii) **West Maljamar Yeso Pool (44500)** created by Order No. R-27, dated July 28, 1950 which currently covers the following lands:

Township 17 South, Range 32 East, NMPM

Section 17: S/2
Section 19: All
Section 20: N/2, SW/4
Section 21: All
Section 22: W/2, NE/4

- (viii) **Cedar Lake Glorieta-Yeso Pool (96831)** created by Division Order No. R-11067, dated November 1, 1998 which currently covers the following lands:

Township 17 South, Range 30 East, NMPM

Section 13: E/2, SW/4
Section 24: NE/4

Township 17 South, Range 31 East, NMPM

Section 17: S/2
Section 18: All
Section 19: N/2
Section 20: All

- (ix) **Fren-Glorieta Yeso Pool (26770)** created by Division Order No. R-2313, dated October 1, 1962 which currently covers the following lands:

Township 17 South, Range 31 East, NMPM

Section 9: E/2
Section 14: SW/4
Section 15: S/2
Section 16: S/2, NE/4
Section 21: NE/4, W/2
Section 22: NW/4

- (x) **East Fren Glorieta-Yeso Pool (97213)** created by Division Order No. R-11824, dated September 1, 2002 which currently covers the following lands:

Township 17 South, Range 31 East, NMPM

Section 14: NE/4

- (xi) **Loco Hills Glorieta-Yeso Pool (96718)** created by Division Order No. R-10822, dated July 1, 1997 which currently covers the following lands:

Township 17 South, Range 30 East, NMPM

Section 9: SE/4
Section 10: SW/4
Section 11: All
Section 12: NW/4
Section 14: S/2, NW/4
Section 15-17, 20: All
Section 21: N/2, SE/4
Section 22: All
Section 23: N/2, SW/4

2. The development and spacing of these pools are governed by the Division's Order No. R-13382-E which established the following Temporary Special Pool Rules:

Rule 1: Any well completed in the Glorieta-Yeso formations within the horizontal boundaries of these Glorieta-Yeso oil pools, or within one mile of the outer boundaries of said pools, and not within, or closer to, another Glorieta- Yeso pool, shall be governed by these special rules.

Rule 2: The allowable for the Glorieta- Yeso production from units dedicated to wells described in Rule 1 shall be 300 barrels of oil per day, per standard 40- acre spacing and proration unit. This rule shall be effective retroactively from the date of first production of the first well completed in the Glorieta- Yeso formations in each unit.

Rule 3: A producing gas-oil ratio of 3000 standard cubic feet of gas per barrel of oil is applicable to these Glorieta-Yeso Pools. Any unit in the Glorieta-Yeso Pools which is producing at a gas-oil ratio greater than 3000 standard cubic feet of gas per barrel of oil and is capable of producing more than 300 barrels of oil per day or 900 MCFPD shall have its daily oil allowable reduced by 300 multiplied by a fraction, the numerator of which is 3,000, and the denominator of which is its producing gas-oil ratio.

Rule 4: No more than four wells shall be drilled on a 40-acre spacing and proration unit. Nothing in these rules shall prohibit an operator from drilling one or two wells per 40-acre spacing and proration unit as long as the maximum of four wells per 40-acre spacing and proration unit is not exceeded.

Rule 5: Operators may make up or balance overproduction and underproduction of oil from each unit in a calendar year; and any unit on which a new well is completed during a year shall combine that year with the following year for balancing over and underproduction. Each Operator shall calculate and report the over or underproduced status of each unit it operates in compliance with these Rules, and file a report with the Division no later than each March 1 of the preceding year, showing the over or underproduced status of each unit it operates as of the previous December 31.

Rule 6: In all other respects, the wells in these Glorieta-Yeso Pools shall remain subject to statewide rules.

3. Under the terms of Order No. R-13382-E the temporary special rules are set to expire on September 1, 2014.

4. Apache and COG are operators in the pools. Since the entry of Order No. R-13382-E, experience has shown that the depth bracket allowable of 300 barrels per day established by Special Rule No. 2 is insufficient to allow wells to be produced at their maximum efficient rate. Increasing the allowable to 600 barrels per day will prevent waste, will facilitate maximum ultimate recovery of the reservoir and efficient maintenance of producing facilities, and will not damage the reservoir.

5. Apache and COG therefore request that the Division reopen Case No. 14613 to amend the temporary special rules as follows:

(a) The Division amends its Order No. R-13382-E Special Rule No. 2 to increase the allowable for the Glorieta-Yeso production from units dedicated to wells described from 300 to 600 barrels of oil per day, per standard 40- acre spacing and proration unit.

(b) The Temporary Special Rules should be made permanent.

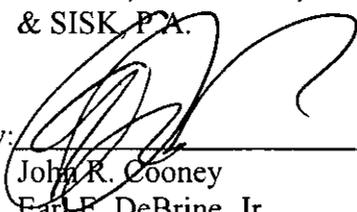
6. The granting of this application is in the interests of conservation, the prevention of waste and the protection of correlative rights.

7. Notice of this application will be given to all division-designated operators in the pool and division-designated operators of wells within the same formation as the pool within one mile of the pool's outer boundary as shown on Exhibit A in accordance with the Division's rules.

WHEREFORE, Apache Corporation and COG Operating LLC request that this application be set for hearing before an Examiner of the Oil Conservation Division on September 18, 2014, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

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

By: 

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Earl E. DeBrine, Jr.
Jordan L. Kessler
Post Office Box 2168
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Apache Corporation

and

COG OPERATING LLC

By: /s/ Ocean Munds-Dry

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Concho Resources, Inc.
1048 Paseo de Peralta
Santa Fe, New Mexico 87501-2736
Telephone: 505.780.8000
Attorney for COG Operating LLC

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EXHIBIT A
APACHE CORPORATION
APPLICATION FOR ORDER AMENDING
TEMPORARY SPECIAL POOL RULES

ALAMO PERMIAN RESOURCES, LLC
415 W. WALL STREET, SUITE 500
MIDLAND, TX 79701

APACHE CORP
303 VETERANS AIRPARK LANE
SUITE 3000
MIDLAND, TX 79705

ASHER ENTERPRISES LTD. CO.
11063-D S. MEMORIAL DR.
PMB 525
TULSA, OK 74133

ASPEN OIL INC
P.O. BOX 2674
HOBBS, NM 88241

BURNETT OIL CO INC
BURNETT PLAZA, SUITE 1500
801 CHERRY ST., UNIT 9
FORT WORTH, TX 76102

CAMERON OIL & GAS INC
PO BOX 1456
ROSWELL, NM 88202

CAPSTONE NATURAL RESOURCES, LLC
2250 E. 73RD ST. STE. 500
TULSA, OK 74136

CFM OIL, LLC
PO BOX 1176
ARTESIA, NM 88210

CHEVRON U S A INC
ATTN: SANDY STEDMAN-DANIEL
1400 SMITH
HOUSTON, TX 77002

CIMAREX ENERGY CO. OF COLORADO
202 S. CHEYENNE AVE, STE 1000
TULSA, OK 74103

CLAYTON WILLIAMS ENERGY INC
6 DESTA DR STE 3000
MIDLAND, TX 79705

CML EXPLORATION, LLC
P.O. BOX 890
SNYDER, TX 79550

COG OPERATING LLC
ONE CONCHO CENTER
600 W. ILLINOIS AVE
MIDLAND, TX 79701

CONOCOPHILLIPS COMPANY
3401 E. 30TH STREET
FARMINGTON, NM 87402

DEVON ENERGY PRODUCTION COMPANY, LP
333 W. SHERIDAN AVENUE
OKLAHOMA CITY, OK 73102

ENERGYQUEST II, LLC
4526 RESEARCH FOREST DR.
SUITE 200
THE WOODLANDS, TX 77396

FAIR OIL LTD
PO BOX 689
TYLER, TX 75710

FINNEY OIL COMPANY
PO BOX 1569
ARTESIA, NM 88211

FREEDOM ENERGY LLC
R649 N. 13TH ST.
LAKE ARTHUR, NM 88253

GEORGE A CHASE JR DBA G AND C SERVICE
P.O. BOX 1618
ARTESIA, NM 88211

HUDSON OIL COMPANY OF TEXAS
616 TEXAS ST
FORT WORTH, TX 76102

JUDAH OIL LLC
PO BOX 568
ARTESIA, NM 88211

KERSEY & COMPANY
PO BOX 1248
FREDERICKSBURG, TX 78624

LARRY MARKER DBA MARKER OIL
PO BOX 3188
ROSWELL, NM 88202

LEGACY RESERVES OPERATING, LP
P. O. BOX 10848
MIDLAND, TX 79702

LIME ROCK RESOURCES II-A, L.P.
1111 BAGBY STREET
SUITE 4600
HOUSTON, TX 77002

LINN OPERATING, INC.
600 TRAVIS
SUITE 5100
HOUSTON, TX 77002

LOCO HILLS GSF, LTD
12705 LOVINGTON HWY.
LOCO HILLS, NM 88255

LRE OPERATING, LLC
1111 BAGBY, STE. 4600
HOUSTON, TX 77002

MACK ENERGY CORP
PO BOX 960
11344 LOVINGTON HWY
ARTESIA, NM 88211

MARKS AND GARNER PRODUCTION LTD CO
P.O. BOX 1089
HOBBS, NM 88241

MCI OPERATING OF NM, LLC
P.O. BOX 471
DENVER CITY, TX 79323

MEMORIAL PRODUCTION OPERATING, LLC
1301 MCKINNEY SUITE 2100
HOUSTON, TX 77010

MEWBOURNE OIL CO
PO BOX 5270
HOBBS, NM 88241

MURCHISON OIL & GAS INC
1100 MIRA VISTA BLVD.
PLANO, TX 75093

NADEL AND GUSSMAN HEYCO, LLC
PO BOX 1933
ROSWELL, NM 88202

NADEL AND GUSSMAN PERMIAN, LLC
601 N MARIENFELD
SUITE 508
MIDLAND, TX 79701

OCCIDENTAL PERMIAN LTD
PO BOX 4294
HOUSTON, TX 77210

OXY USA INC
PO BOX 4294
HOUSTON, TX 77210

OXY USA WTP LIMITED PARTNERSHIP
PO BOX 4294
HOUSTON, TX 77210

PPC OPERATING COMPANY LLC
4700 W. SAM HOUSTON PKWY N.
STE 140
HOUSTON, TX 77041

PREMIER OIL & GAS INC
PO BOX 1246
ARTESIA, NM 88210

QUANTUM RESOURCES MANAGEMENT, LLC
5 HOUSTON CENTER
1401 MCKINNEY ST. SUITE 2400
HOUSTON, TX 77010

SOUTHWEST ROYALTIES INC
6 DESTA DRIVE
SUITE 2100
MIDLAND, TX 79705

TANDEM ENERGY CORPORATION
2700 POST OAK BLVD.
SUITE 1000
HOUSTON, TX 77005

TOM R. CONE
1304 W. BROADWAY PL.
HOBBS, NM 88240

WOO RESOURCES LLC
3500 NW. COUNTY ROAD
HOBBS, NM 88240

YATES PETROLEUM CORPORATION
105 S 4TH ST
ARTESIA, NM 88210

CASE NO. _____: Application of Apache Corporation and COG Operating, LLC to amend Order No. R-13382-9 establishing Temporary Special Pool Rules for the Artesia Glorieta-Yeso, Bear Grass Draw Glorieta-Yeso, Cedar Lake Glorieta-Yeso, Empire Glorieta-Yeso, East Empire Glorieta-Yeso, Fren Glorieta-Yeso, East Fren Glorieta-Yeso, Grayburg Jackson Yeso, North Leamex Paddock, Loco Hills Glorieta-Yeso, and West Maljamar Yeso, Lea and Eddy Counties, New Mexico, to increase the depth bracket allowable to 600 barrels of oil per day, and to make the amended rules permanent. The pools are located approximately 12 miles east of Artesia, New Mexico and 17 miles west of Lovington, New Mexico.

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