

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

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September 30, 2008

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

Case 14201

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 October 30, 2008 Examiner hearing. Thank you.

Very truly yours,


James Bruce
Attorney for Apache Corporation

PERSONS NOTIFIED OF APPLICATION

Unleased Mineral Interest Ownership in the McCasland #1		
Name & Address	Interest	Net Acres
ConocoPhillips Company 600 N. Dairy Ashford, 3WL-14066 Houston, TX 77079	32.26852%	12.9074076
Bill and Carla Warrick Address Unknown	0.22222%	0.088888
Mark E. Hodge P.O. Box 3149 Bellaire, TX 77402	0.39063%	0.15625
Total Unleased	32.8814%	13.1525456

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14201

APPLICATION

Apache Corporation applies for an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, and has the right to drill a well thereon.
2. Applicant proposes to drill its McCasland Well No. 1, at an orthodox oil well location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, and seeks to dedicate the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7 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 Undesignated House Yates-Seven Rivers Pool, Undesignated House-San Andres Pool, Undesignated House-Blinebry Pool, and Undesignated House-Tubb Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7 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 NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7 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 NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, 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,



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

Attorney for Apache Corporation

PROPOSED ADVERTISEMENT

Case No. 14261: **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 NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7, Township 20 South, Range 39 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 Undesignated House Yates-Seven Rivers Pool, Undesignated House-San Andres Pool, Undesignated House-Blinebry Pool, and Undesignated House-Tubb Pool. The unit will be dedicated to the McCasland Well No. 1, to be drilled at an orthodox oil well location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 7. 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 3-1/2 miles southeast of Nadine, New Mexico.

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