

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

**APPLICATIONS OF APACHE CORPORATION
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

CASE NOS. 21851-21854

**APPLICATIONS OF COLGATE OPERATING, LLC
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

CASE NOS. 21825 & 21826

APACHE CORPORATON’S PRE-HEARING STATEMENT

Apache Corporation (“Apache”) submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division and the Prehearing Order issued in these consolidated matters.

APPEARANCES

APPLICANTS

ATTORNEY

Apache Corporation

Michael H. Feldewert, Esq.
Adam G. Rankin, Esq.
Julia Broggi, Esq.
Kaitlyn A. Luck, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
TEL: (505) 988-4421
FAX: (505) 983-6043
mfeldewert@hollandhart.com
agrankin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

Colgate Operating, LLC

Padilla Law Firm, P.A.
Post Office Box 2523
Santa Fe, New Mexico 87504
(505) 988-7577
padillalawnm@outlook.com

APACHE'S STATEMENT OF THE CASE AND LIST OF UNDISPUTED FACTS

Under Case Nos. 21851-21854, Apache seeks to create and forcibly pool four 320-acre horizontal well spacing units in the Bone Spring formation underlying Sections 16 and 17, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, as follows:

- Under Case 21851, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the N/2 N/2 of Sections 16 and 17 to be initially dedicated to the **Palmillo 16-17 State Com #241H well** targeting the Second Bone Spring interval and the **Palmillo 16-17 State Com #341H well** targeting the Third Bone Spring interval.
- Under Case 21852, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the S/2 N/2 of Sections 16 and 17 to be initially dedicated to the **Palmillo 16-17 State Com #242H well** targeting the Second Bone Spring interval and the **Palmillo 16-17 State Com #342H well** targeting the Third Bone Spring interval.
- Under Case 21853, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the N/2 S/2 of Sections 16 and 17 to be initially dedicated to the **Palmillo 16-17 State Com #243H well** targeting the Second Bone Spring interval and the **Palmillo 16-17 State Com #343H well** targeting the Third Bone Spring interval.
- Under Case 21854, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the S/2 S/2 of Sections 16 and 17 to be initially dedicated to the **Palmillo 16-17 State Com #244H well** targeting the Second Bone Spring interval and the **Palmillo 16-17 State Com #344H well** targeting the Third Bone Spring interval.

Colgate Operating LLC (“Colgate”) has filed competing pooling applications for the Bone Spring formation underlying Sections 16 and 17 under Cases 21825 and 21826.

Apache believes that the following facts are undisputed and material to the issues presented in these consolidated cases:

1. Apache owns a substantial working interest in Sections 16 and 17.
2. Apache has more drilling and completion experience than Colgate in the Bone Spring formation in Township 19 South, Range 28 East. Indeed, Colgate has yet to complete a well in the subject area.
3. The Second Bone Spring Sands in this area contains structural nuances that require an operator with access to seismic data and experience developing this interval.

APPLICANT’S PROPOSED EVIDENCE

WITNESS

Name and Expertise

| | |
|------------------------------------|--------------------|
| Blake Johnson, Landman | Affidavit and Live |
| Drew Chenoweth, Geologist | Affidavit and Live |
| Shelby Johnson, Reservoir Engineer | Affidavit and Live |
| Taylor Thetford, Drilling Engineer | Affidavit and Live |

PROCEDURAL MATTERS

Pursuant to the Prehearing Order and Stipulation issued in these matters, Apache will file affidavits containing the direct testimony for each witness and the related exhibits on Monday, November 1, 2021.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

ATTORNEYS FOR APACHE CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that on October 29, 2021, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

Padilla Law Firm, P.A.
Post Office Box 2523
Santa Fe, New Mexico 87504
(505) 988-7577

padillalawnm@outlook.com

Attorney for Colgate Operating, LLC



Michael H. Feldewert

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 58741

QUESTIONS

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| Operator: COLGATE OPERATING, LLC 300 North Marienfeld Street Midland, TX 79701 | OGRID: 371449 |
| | Action Number: 58741 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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| Testimony | |
| <i>Please assist us by provide the following information about your testimony.</i> | |
| Number of witnesses | <i>Not answered.</i> |
| Testimony time (in minutes) | <i>Not answered.</i> |