

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

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

CASE NO. _____

APPLICATION

Apache Corporation (“Apache” or “Applicant”) (OGRID No. 873), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 8 and 9, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. In support of its application, Apache states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 9-8 State Com #235H well** (API No. 30-015-pending), and (2) the **Palmillo 9-8 State Com #335H well** (API No. 30-015-pending), to be drilled from a common surface hole location in NW/4 NW/4 (Unit D) of said Section 10 to bottom hole locations in the NW/4 NW/4 (Unit D) of said Section 8.
3. The completed intervals for these wells will comply with the statewide setbacks for oil wells.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal well spacing unit.

7. The pooling requested in this case competes with the *Application of Colgate Operating, LLC for Compulsory Pooling, Eddy County, New Mexico*, in Case No. 21647, which is set on the March 18, 2021 docket.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP



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ATTORNEYS FOR APACHE CORPORATION

CASE _____: **Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 8 and 9, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Palmillo 9-8 State Com #235H well**, and (2) the **Palmillo 9-8 State Com #335H well**, to be drilled from a common surface hole location in NW/4 NW/4 (Unit D) of said Section 10 to bottom hole locations in the NW/4 NW/4 (Unit D) of said Section 8. The completed interval for each of the proposed wells will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.