

**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. 21727-21730

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

CASE NOS. 21827 & 21878

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

Apache Corporation

Colgate Operating, LLC

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

Under Case Nos. 21727-21730, Apache seeks to create and forcibly pool four 320-acre horizontal well spacing units in the Bone Spring formation underlying Sections 29 and 30, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, as follows:

- Under Case 21727, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the N/2 N/2 of Sections 29 and 30 to be initially dedicated to the

Palmillo 29-30 State Com #271H well targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #375H well** targeting the Third Bone Spring interval.

- Under Case 21728, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the S/2 N/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com #272H well** targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #376H well** targeting the Third Bone Spring interval.
- Under Case 21729, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the N/2 S/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com #273H well** targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #377H well** targeting the Third Bone Spring interval.
- Under Case 21730, Apache seeks to create and forcibly pool a 320-acre horizontal well spacing comprised of the S/2 S/2 of Sections 29 and 30 to be initially dedicated to the **Palmillo 29-30 State Com #274H well** targeting the Second Bone Spring interval and the **Palmillo 29-30 State Com #378H well** targeting the Third Bone Spring interval.

Colgate Operating LLC (“Colgate”) has filed competing pooling applications for the Bone Spring formation underlying Sections 29 and 30 under Cases 21827 and 21878.

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

1. Apache currently owns twice the working interest that Colgate owns in the subject acreage and has the support of other working interest owners.
2. Apache has agreed on a trade with another working interest owner that when completed will boost Apache’s working interest control and support to over 58%.

3. Apache intends to utilize three drilling pads in the E/2 E/2 of Section 25 to not only develop Sections 29 and 30 but also adjacent Sections 25 and 26 to the West in Township 19 South, Range 27 East, thereby reducing the necessary surface disturbance.
4. Apache has more drilling and completion experience than Colgate in the Bone Spring formation in in Township 19 South, Range 28 East. Indeed, Colgate has yet to complete a well in the subject area.
5. 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



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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:

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QUESTIONS

Action 58728

QUESTIONS

Operator: APACHE CORPORATION 303 Veterans Airpark Ln Midland, TX 79705	OGRID: 873
	Action Number: 58728
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

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>