

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

**APPLICATION OF APACHE CORPORATION FOR
APPROVAL OF A NON-STANDARD HORIZONTAL
WELL SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Apache Corporation (“Apache” or “Applicant”) (OGRID No. 873), through its undersigned attorneys, files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a non-standard 1280-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying Sections 11 and 14, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico and (b) pooling all uncommitted interests in this acreage. 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. Due to the nature and configuration of the federal leases in the subject area, the Bureau of Land Management (“BLM”) will not approve the commingling of production at central facilities if the subject area is developed using standard horizontal well spacing units. See, e.g., 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed non-standard spacing unit is approved by the Division, the BLM has stated it will issue a corresponding Communitization Agreement for the federal leases within the subject area to allow commingling and the corresponding reduction of the necessary surface facilities.
3. Applicant seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing

unit. To allow the proposed wells to be dedicated to a federal Communitization Agreement, Applicant requires approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

4. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells to be drilled from shared surface locations in the S2S2 of Section 14:

- **Dustbowl 11-14 Fed Com 101H** and **Dustbowl 11-14 Fed Com 201H** wells, with first take points in the SW4SW4 (Unit M) of Section 14 and last take points in the NW4NW4 (Unit D) of Section 11;
- **Dustbowl 11-14 Fed Com 102H** and **Dustbowl 11-14 Fed Com 202H** wells, with first take points in the SE4SW4 (Unit N) of Section 14 and last take points in the NE4NW4 (Unit C) of Section 11;
- **Dustbowl 11-14 Fed Com 103H** and **Dustbowl 11-14 Fed Com 203H** wells, with first take points in the SW4SE4 (Unit O) of Section 14 and last take points in the NW4NE4 (Unit B) of Section 11; and
- **Dustbowl 11-14 Fed Com 104H** and **Dustbowl 11-14 Fed Com 204H** wells, with first take points in the SE4SE4 (Unit P) of Section 14 and last take points in the NE4NE4 (Unit A) of Section 11.

5. 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.

6. Approval of the non-standard unit will allow Apache to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands, reduce surface disturbance, and lower operating costs.

7. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, on February 1, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard horizontal well spacing unit;
- B. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- 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

By: 

Michael H. Feldewert

Adam G. Rankin

Paula M. Vance

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

agrarkin@hollandhart.com

pmvance@hollandhart.com

ATTORNEYS FOR APACHE CORPORATION

CASE _____ : **Application of Apache Corporation for Approval of a Non-Standard Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a non-standard 1280-acre horizontal well spacing unit in the Bone Spring formation underlying Sections 11 and 14, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico and (b) pooling all uncommitted interests in this acreage. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells to be drilled from shared surface locations in the S2S2 of Section 14:

- **Dustbowl 11-14 Fed Com 101H and Dustbowl 11-14 Fed Com 201H** wells, with first take points in the SW4SW4 (Unit M) of Section 14 and last take points in the NW4NW4 (Unit D) of Section 11;
- **Dustbowl 11-14 Fed Com 102H and Dustbowl 11-14 Fed Com 202H** wells, with first take points in the SE4SW4 (Unit N) of Section 14 and last take points in the NE4NW4 (Unit C) of Section 11;
- **Dustbowl 11-14 Fed Com 103H and Dustbowl 11-14 Fed Com 203H** wells, with first take points in the SW4SE4 (Unit O) of Section 14 and last take points in the NW4NE4 (Unit B) of Section 11; and
- **Dustbowl 11-14 Fed Com 104H and Dustbowl 11-14 Fed Com 204H** wells, with first take points in the SE4SE4 (Unit P) of Section 14 and last take points in the NE4NE4 (Unit A) of Section 11.

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 33 miles west of Hobbs, New Mexico.