

**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), Section 70-2-17, for an order pooling all uncommitted interests in the Winchester; Bone Spring, Southwest Pool (65010) underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the N/2N/2 of Sections 28 and 29, Township 19 South, Range 28 East, 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 two proposed initial wells, both of which will be horizontally drilled from a common surface location in the SW4NW4 (Unit E) of Section 29 to bottom hole locations in the NE/4NE/4 of Section 28 (Unit A): (1) the **Palmillo 29-28 State COM 271H Well**, and (2) the **Palmillo 29-28 375H State COM Well**.
3. The completed intervals of these wells will comply with statewide setbacks.
4. No depth severances exist within the Bone Spring formation underlying the proposed horizontal spacing unit.

5. Applicant plans to drill the proposed wells as part of a simultaneous drilling and completion project; therefore, Applicant requests an extension of the 120-day period for drilling and completing the initial well, and in lieu thereof require that one of the proposed wells be drilled and completed within one year after the date of the Division Order granting this application.

6. Applicant has sought but has been unable to obtain voluntary agreement for the development of these lands from all mineral interest owners within the subject horizontal spacing unit.

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

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

9. Notice of this application is being given in accordance with Division rules.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 2, 2020, and, after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;

B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;

C. Authorizing Applicant to recover its costs of drilling, equipping and completing both of the initial wells;

D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures;

E. Granting an extension of the 120-day period for drilling and completing the initial well, and in lieu thereof requiring that one of the proposed wells be drilled and completed within one year after the date of the Division Order granting this application; and

F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the initial wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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