

**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. 21025

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

CASE NO. 21026

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

CASE NO. 21027

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

CASE NO. 21028

**Examiner Docket: February 6, 2020**

**APACHE'S EXHIBITS**

**Camacho 26 State Com 201H  
Camacho 26 State Com 202H  
Camacho 26 State Com 203H  
Camacho 26 State Com 204H**



Earl E. DeBrine, Jr.  
Lance D. Hough



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[ldh@modrall.com](mailto:ldh@modrall.com)

**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. 21025

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

CASE NO. 21026

**APPLICATION OF APACHE CORPORATION  
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CASE NO. 21027

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CASE NO. 21028

**APACHE'S EXHIBITS**

**Camacho 26 State Com 201H  
Camacho 26 State Com 202H  
Camacho 26 State Com 203H  
Camacho 26 State Com 204H**

Exhibit A	Compulsory Pooling Application Checklist
A-1	Checklist for Case No. 21025
A-2	Checklist for Case No. 21026
A-3	Checklist for Case No. 21027
A-4	Checklist for Case No. 21028

Exhibit B	Affidavit of Blake Johnson
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Case No. 21025

B-1 -25	Application
B-2 -25	C102
B-3 -25	Tract Map with WIs and ORRIs
B-4 -25	Well Proposal Letter
B-5 -25	Authorization for Expenditure

Earl E. DeBrine, Jr.  
Lance D. Hough



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[ldh@modrall.com](mailto:ldh@modrall.com)

Case No. 21026

B-1 -26 Application  
B-2 -26 C102  
B-3 -26 Tract Map with WIs and ORRIs  
B-4 -26 Well Proposal Letter  
B-5 -26 Authorization for Expenditure

Case No. 21027

B-1 -27 Application  
B-2 -27 C102  
B-3 -27 Tract Map with WIs and ORRIs  
B-4 -27 Well Proposal Letter  
B-5 -27 Authorization for Expenditure

Case No. 21028

B-1 -28 Application  
B-2 -28 C102  
B-3 -28 Tract Map with WIs and ORRIs  
B-4 -28 Well Proposal Letter  
B-5 -28 Authorization for Expenditure

B-6 Summary of Attempted Contacts

Exhibit C

Affidavit of Justin Wagner  
C-1 Gun Barrel Diagram  
C-2 Regional Locator Map  
C-3 Cross-Section Locator Map  
C-4 Structure Map  
C-5 Gross Interval Isochore Map  
C-6 Stratigraphic Cross Section  
C-7 Target Zone within Stratigraphic Cross Section

Exhibit D

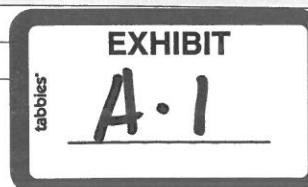
Affidavit of Lance D. Hough  
D-1 Hearing Notice  
D-2 Certified Mail Log / Notice January 16, 2020  
D-3 Certified Mail Log / Report February 4, 2020  
D-4 Affidavit of Publication

Earl E. DeBrine, Jr.  
Lance D. Hough

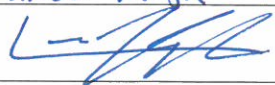


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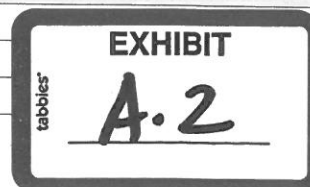
<b>APPLICATION CHECKLIST (pdf)</b>	
<b>BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21025</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date 2/6/20</b>	
Applicant	Apache Corporation
Designated Operator & OGRID (affiliation if applicable)	Apache Corporation (OGRID 873)
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO, CASE NO. 21025
Entries of Appearance/Intervenors:	None
Well Family	Camacho
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Palmillo; Bone Spring, Southwest Pool (Code: 96413)
Well Location Setback Rules:	Latest Statewide Horizontal Rules Apply
Spacing Unit Size:	160 Acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 Acres
Building Blocks:	Quarter Quarter Sections
Orientation:	East to West
Description: TRS/County	N/2N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit B.3-25
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Exhibit B.1-25 and Exhibit B.2-25
Well #1	<p>Camacho 26 State Com 201H, API No. (Pending)</p> <p>SHL: 1022' feet from the North line and 315 feet from the East line, (Unit A) of Section 26, Township 19 South, Range 27 East, NMPM.</p> <p>BHL: 330' feet from the North line and 50 feet from the West line, (Unit D) of Section 26, Township 19 South, Range 27 East, NMPM.</p> <p>Completion Target: 2nd Bone Spring Sand at approx. 6,915 feet TVD.</p> <p>Well Orientation: East to West</p> <p>Completion Location expected to be: standard</p>
Horizontal Well First and Last Take Points	Exhibit B.2-25
Completion Target (Formation, TVD and MD)	Exhibit B.1-25; Exhibit B.2-25; Exhibit B.4-25; Exhibit C.6, Exhibit C.7
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	7,000
Production Supervision/Month \$	700






Justification for Supervision Costs	Exhibit B.5-25 for AFEs
Requested Risk Charge	200%; see Exhibit B
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit D.1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits D.2 and D.3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D.4
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit B; Exhibit B.3-25
Tract List (including lease numbers and owners)	Exhibit B.3-25
Pooled Parties (including ownership type)	Exhibit B.3-25
Unlocatable Parties to be Pooled	Exhibit B.3-25; Exhibit D.3
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit B.4-25
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.3-25
Chronology of Contact with Non-Joined Working Interests	Exhibit B.6
Overhead Rates In Proposal Letter	Exhibit B.4-25
Cost Estimate to Drill and Complete	Exhibit B.5-25 for AFEs
Cost Estimate to Equip Well	Exhibit B.5-25 for AFEs
Cost Estimate for Production Facilities	Exhibit B.5-25 for AFEs
<b>Geology</b>	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibits C.1 and C.2
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.1
Well Orientation (with rationale)	Exhibit C
Target Formation	Exhibits B.1-25, C.1, C.4 through C.7
HSU Cross Section	Exhibits C.6 and C.7
Depth Severance Discussion	Exhibit B
<b>Forms, Figures and Tables</b>	
C-102	Exhibit B.2-25
Tracts	Exhibit B.3-25
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.3-25
General Location Map (including basin)	Exhibit C.2
Well Bore Location Map	Exhibits C.1 through C.3
Structure Contour Map - Subsea Depth	Exhibit C.4
Cross Section Location Map (including wells)	Exhibits C.3
Cross Section (including Landing Zone)	Exhibits C.7 and C.8
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Lance Hough
Signed Name (Attorney or Party Representative):	
Date:	2/5/20

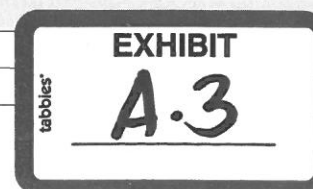
<b>APPLICATION CHECKLIST (pdf)</b>	
<b>BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21026</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date 2/6/20</b>	
Applicant	Apache Corporation
Designated Operator & OGRID (affiliation if applicable)	Apache Corporation (OGRID 873)
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO, CASE NO. 21026
Entries of Appearance/Intervenors:	None
Well Family	Camacho
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Palmillo; Bone Spring, Southwest Pool (Code: 96413)
Well Location Setback Rules:	Latest Statewide Horizontal Rules Apply
Spacing Unit Size:	160 Acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 Acres
Building Blocks:	Quarter Quarter Sections
Orientation:	East to West
Description: TRS/County	S/2N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit B.3-26
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Exhibit B.1-26 and Exhibit B.2-26
Well #1	<p>Camacho 26 State Com 202H, API No. (Pending)</p> <p>SHL: 1102' feet from the North line and 315 feet from the East line, (Unit A) of Section 26, Township 19 South, Range 27 East, NMPM.</p> <p>BHL: 1870' feet from the North line and 50 feet from the West line, (Unit E) of Section 26, Township 19 South, Range 27 East, NMPM.</p> <p>Completion Target: 2nd Bone Spring Sand at approx 6,970 feet TVD.</p> <p>Well Orientation: East to West</p> <p>Completion Location expected to be: standard</p>
Horizontal Well First and Last Take Points	Exhibit B.2-26
Completion Target (Formation, TVD and MD)	Exhibit B.1-26; Exhibit B.2-26; Exhibit B.4-26; Exhibit C.6, Exhibit C.7
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	7,000
Production Supervision/Month \$	700
Justification for Supervision Costs	Exhibit B.5-26 for AFEs

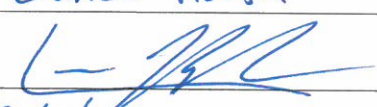


Requested Risk Charge	200%; see Exhibit B
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit D.1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits D.2 and D.3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D.4
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit B; Exhibit B.3-26
Tract List (including lease numbers and owners)	Exhibit B.3-26
Pooled Parties (including ownership type)	Exhibit B.3-26
Unlocatable Parties to be Pooled	Exhibit B.3-26; Exhibit D.3
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit B.4-26
List of Interest Owners (ie Exhibit A of JOA)	Exhibit B.3-26
Chronology of Contact with Non-Joined Working Interests	Exhibit B.6
Overhead Rates In Proposal Letter	Exhibit B.4-26
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Cost Estimate to Equip Well	Exhibit B.5-26 for AFEs
Cost Estimate for Production Facilities	Exhibit B.5-26 for AFEs
<b>Geology</b>	
Summary (including special considerations)	Exhibit C
Spacing Unit Schematic	Exhibits C.1 and C.2
Gunbarrel/Lateral Trajectory Schematic	Exhibit C.1
Well Orientation (with rationale)	Exhibit C
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HSU Cross Section	Exhibits C.6 and C.7
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Tracts	Exhibit B.3-26
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B.3-26
General Location Map (including basin)	Exhibit C.2
Well Bore Location Map	Exhibits C.1 through C.3
Structure Contour Map - Subsea Depth	Exhibit C.4
Cross Section Location Map (including wells)	Exhibits C.3
Cross Section (including Landing Zone)	Exhibits C.7 and C.8
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Lance Hosh
Signed Name (Attorney or Party Representative):	
Date:	2/5/20



<b>APPLICATION CHECKLIST (pdf)</b>	
<b>BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21027</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date 2/6/20</b>	
Applicant	Apache Corporation
Designated Operator & OGRID (affiliation if applicable)	Apache Corporation (OGRID 873)
Applicant's Counsel:	Modrall Sperling
Case Title:	APPLICATION OF APACHE CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO, CASE NO. 21027
Entries of Appearance/Intervenors:	None
Well Family	Camacho
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	Palmillo; Bone Spring, Southwest Pool (Code: 96413)
Well Location Setback Rules:	Latest Statewide Horizontal Rules Apply
Spacing Unit Size:	160 Acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 Acres
Building Blocks:	Quarter Quarter Sections
Orientation:	East to West
Description: TRS/County	N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit B.3-27
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Exhibit B.1-27 and Exhibit B.2-27
Well #1	Camacho 26 State Com 203H, API No. (Do not have yet) SHL: 1285' feet from the South line and 315 feet from the East line, (Unit P) of Section 26, Township 19 North, Range 27 East, NMPM. BHL: 1870' feet from the South line and 50 feet from the West line, (Unit L) of Section 26, Township 19 North, Range 27 East, NMPM.  Completion Target: 2nd Bone Spring Sand at approx 6950 feet TVD. Well Orientation: East to West Completion Location expected to be: standard
Horizontal Well First and Last Take Points	Exhibit B.2-27
Completion Target (Formation, TVD and MD)	Exhibit B.1-27; Exhibit B.2-27; Exhibit B.4-27; Exhibit C.6, Exhibit C.7
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	7,000
Production Supervision/Month \$	700




Justification for Supervision Costs	Exhibit B.5-27 for AFEs
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<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit D.1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits D.2 and D.3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D.4
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit B; Exhibit B.3-27
Tract List (including lease numbers and owners)	Exhibit B.3-27
Pooled Parties (including ownership type)	Exhibit B.3-27
Unlocatable Parties to be Pooled	Exhibit B.3-27; Exhibit D.3
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit B.4-27
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Structure Contour Map - Subsea Depth	Exhibit C.4
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Cross Section (including Landing Zone)	Exhibits C.7 and C.8
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Printed Name (Attorney or Party Representative):	Lance Hough
Signed Name (Attorney or Party Representative):	
Date:	2/5/20



<b>APPLICATION CHECKLIST (pdf)</b>	
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<b>Case: 21028</b>	<b>APPLICANT'S RESPONSE</b>
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Designated Operator & OGRID (affiliation if applicable)	Apache Corporation (OGRID 873)
Applicant's Counsel:	Modrall Sperling
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Spacing Unit Size:	160 Acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 Acres
Building Blocks:	Quarter Quarter Sections
Orientation:	East to West
Description: TRS/County	S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
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<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Exhibit B.1-28 and Exhibit B.2-28
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<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Lance Hough
Signed Name (Attorney or Party Representative):	
Date:	2/5/20

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DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
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EDDY COUNTY, NEW MEXICO

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EDDY COUNTY, NEW MEXICO

CASE NO. 21027

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

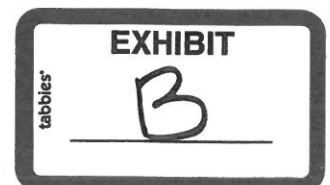
CASE NO. 21028

AFFIDAVIT OF BLAKE JOHNSON

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

Blake Johnson, being duly sworn, deposes and states:

1. I am a landman for Apache Corporation ("Apache"), over the age of 18 and have personal knowledge of the matters stated herein.
2. I have not been previously qualified before the Oil Conservation Division ("Division") as an expert in petroleum land matters.
3. I attended Texas Tech University where I received my Bachelor of Business Administration, Energy Commerce degree. I graduated in the Spring of 2014.



4. I have worked as a Landman since June 2014 where I began my career with Apache and have continued to work there ever since. My work for Apache involves Eddy County. My resume is immediately attached.

5. I am familiar with the applications filed by Apache in the above-referenced case and the land matters involved. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the above referenced compulsory pooling applications filed by Apache.

6. These four cases involves requests for orders from the Division for compulsory pooling of interest owners who have refused to voluntarily pool their interests for the proposed Bone Spring horizontal spacing units described below, and in the wells to be drilled in the horizontal spacing units.

7. Prior to filing its applications, Apache made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well. Apache identified all of the working interest, unleased mineral interests, and overriding royalty interest owners from a title opinion. To locate interest owners, Apache conducted a diligent search of the public records in the county where the wells will be located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification. I mailed all working interest owners well proposals and an Authorization for Expenditure, and a form of Operating Agreement upon request.

8. No opposition is expected. Prior to filing its applications Apache contacted the interest owners being pooled regarding the proposed wells; the pooled working interest owners have failed or refused to voluntarily commit their interests in the wells. Apache provided all of the working interest owners, any unleased mineral owners, and overriding royalty owners with notice of this applications, and none have entered an appearance in opposition to Apache's applications.

9. Below is a description of the facts supporting each of the compulsory pooling applications in the above-referenced cases.

10. Case No. 21025

- a. In its Application, Apache seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 201H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit B.1-25**.
- b. Attached as **Exhibit B.2-25** is the C-102 for the proposed wells described in this Application. The well will develop the Palmillo; Bone Spring, Southwest Pool (Code: 96413). The producing interval for the well will be orthodox and will comply with the Division's statewide set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
- c. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit B.3-25**. The working interest owners being pooled and the percent of their interest, as well as a list of overriding royal interest owners being pooled, are also included as part of this exhibit. Apache owns an interest in the proposed unit and has a right to drill a well thereon.
- d. **Exhibit B.4-25** is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in the well, which provides overhead and administrative rates of \$7,000/month during drilling and \$700/month while producing.
- e. **Exhibit B.5-25** is the Authorization for Expenditure for the proposed well. The estimated cost of the **Camacho 26 State Com 201H** well, set forth therein is \$5,178,900. This estimated cost is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

11. Case No. 21026

- a. In its Application, Apache seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This



spacing unit will be dedicated to the **Camacho 26 State Com 202H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit B.1-26**.

- b. Attached as **Exhibit B.2-26** is the C-102 for the proposed wells described in this Application. The well will develop the Palmillo; Bone Spring, Southwest Pool (Code: 96413). The producing interval for the well will be orthodox and will comply with the Division's statewide set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
- c. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit B.3-26**. The working interest owners being pooled and the percent of their interest, as well as a list of overriding royal interest owners being pooled, are also included as this exhibit. Apache owns an interest in the proposed unit and has a right to drill a well thereon.
- d. **Exhibit B.4-26** is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in the well, which provides overhead and administrative rates of \$7,000/month during drilling and \$700/month while producing.
- e. **Exhibit B.5-26** is the Authorization for Expenditure for the proposed well. The estimated cost of the **Camacho 26 State Com 202H** well, set forth therein is \$5,178,900. This estimated cost is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

12. **Case No. 21027**

- a. In its Application, Apache seeks an order from the Division: ((1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 203H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit B.1-27**.
- b. Attached as **Exhibit B.2-27** is the C-102 for the proposed wells described in this Application. The well will develop the Palmillo; Bone Spring, Southwest Pool (Code: 96413). The producing interval for the well will be orthodox and will comply with the Division's statewide set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
- c. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit B.3-27**. The working interest owners being pooled and the percent of their interest, as

well as a list of overriding royal interest owners being pooled, are also included as part of this exhibit. Apache owns an interest in the proposed unit and has a right to drill a well thereon.

- d. **Exhibit B.4-27** is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in the well, which provides overhead and administrative rates of \$7,000/month during drilling and \$700/month while producing.
- e. **Exhibit B.5-27** is the Authorization for Expenditure for the proposed well. The estimated cost of the **Camacho 26 State Com 203H** well, set forth therein is \$5,178,900. This estimated cost is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

13. **Case No. 21028**

- a. In its Application, Apache seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 204H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit B.1-28**.
- b. Attached as **Exhibit B.2-28** is the C-102 for the proposed wells described in this Application. The well will develop the Palmillo; Bone Spring, Southwest Pool (Code: 96413). The producing interval for the well will be orthodox and will comply with the Division's statewide set back requirements, as the first and last take points will be no closer than 100' from the proposed unit boundary and the completed lateral will be no closer than 330' from the proposed unit boundary.
- c. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit B.3-28**. The working interest owners being pooled and the percent of their interest, as well as a list of overriding royal interest owners being pooled, are also included as part of this exhibit. Apache owns an interest in the proposed unit and has a right to drill a well thereon.
- d. **Exhibit B.4-28** is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in the well, which provides overhead and administrative rates of \$7,000/month during drilling and \$700/month while producing.
- e. **Exhibit B.5-28** is the Authorization for Expenditure for the proposed well. The estimated cost of the **Camacho 26 State Com 204H** well, set forth therein is \$5,178,900. This estimated cost is fair and reasonable, and is comparable to the

costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

14. **Exhibit B.6** is a summary of communications with the non-joined working interest, with respect to all four proposed wells and corresponding applications.

15. There are no depth severances within the four proposed Bone Spring spacing units.

16. Apache requests overhead and administrative rates of \$7,000/month during drilling and \$700/month while producing. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico and consistent with the rates awarded by the Division in recent compulsory pooling orders. Apache requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

17. Apache requests the maximum cost plus 200% risk charge be assessed against non-consenting pooled working interest owners.

18. Apache requests that it be designated operator of the wells.

19. Apache requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.

20. The parties Apache is seeking to pool were notified of this hearing.

21. Apache requests that overriding royalty interest owners be pooled.

22. Based upon my knowledge of the land matters involved in this case, education and training, it is my expert opinion that the granting of Apache's applications in these cases are in the interests of conservation and the prevention of waste.

23. The attachments to my Affidavit were prepared by me or compiled from company business records.

24. I attest that the information provided herein is true, correct and complete to the best of my knowledge and belief.

*Blake Johnson*

Blake Johnson

SUBSCRIBED AND SWORN to before me this 4 day of February 2020 by Blake Johnson.

*Toni P. Isbell*

Notary Public

My commission expires: 01-15-2021

SEAL



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

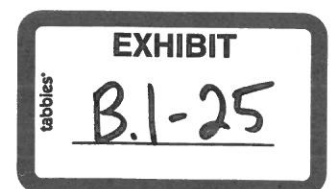
APPLICATION OF APACHE CORPORATION  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO

CASE NO. \_\_\_\_\_

APPLICATION

Apache Corporation ("Apache"), OGRID Number 873, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of this application, Apache states as follows:

1. Apache is an interest owner in the subject lands and has a right to drill a well thereon.
2. Apache seeks to dedicate the N/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico to form a 160-acre, more or less, Bone Spring horizontal spacing unit.
3. Apache plans to drill the **Camacho 26 State Com 201H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location of 980' FNL and 315' FEL of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, and an intended bottom hole location of 3300' FNL and 50' FWL of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County.





4. This well is proposed to be drilled vertically to a depth of approximately 6,915' to the Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the Palmillo; Bone Spring, Southwest Pool (Code: 96413) and will comply with the Division's setback requirements.

6. Apache sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Apache requests that this case is set for hearing before an Examiner of the Oil Conservation Division on February 6, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 160-acre horizontal spacing unit in the Bone Spring formation comprised of N/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the N/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico;

C. Designating Apache as operator of this unit and the well to be drilled thereon;

D. Authorizing Apache to recover its costs of drilling, completing and equipping the well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By: 

Earl E. DeBrine, Jr.

Lance D. Hough

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

[edebrine@modrall.com](mailto:edebrine@modrall.com)

[ldh@modrall.com](mailto:ldh@modrall.com)

*Attorneys for Applicant*

W3604406.DOCX

**CASE NO. \_\_\_\_\_: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 201H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

## Exhibit "A"

**Applicant:** Apache Corporation  
**Operator:** Apache Corporation (OGRID 873)

**Spacing Unit:** Horizontal- Oil  
**Building Blocks:** quarter-quarter sections  
**Spacing Unit Size:** 160 acres, more or less  
**Orientation of Unit:** East to West

**Spacing Unit Description:**  
160 acres in the N/2N/2 Section 26  
Township 19S, Range 27E, NMPM, Eddy County, New Mexico

**Pooling this Vertical Extent:** Bone Spring Formation  
**Depth Severance? (Yes/No):** No

**Pool:** Palmillo; Bone Spring, Southwest Pool (Code: 96413)  
**Pool Spacing Unit Size:** quarter-quarter sections  
**Governing Well Setbacks:** Horizontal Oil Well Rules 19.15.16.15.C NMAC  
**Pool Rules:** Latest Horizontal Rules Apply.

**Proximity Tracts:** None Included

**Monthly charge for supervision:** While drilling: \$7,000 While producing: \$700  
**Charge for risk:** 200 percent of reasonable well costs.

### Proposed Well:

Camacho 26 State Com 201H, API No. (Pending)  
SHL: 980' feet from the North line and 315 feet from the East line,  
(Unit A) of Section 26, Township 19 South, Range 27 East, NMPM.  
BHL: 330' feet from the North line and 50 feet from the West line,  
(Unit D) of Section 26, Township 19 Sout, Range 27 East, NMPM.

**Completion Target:** 2<sup>nd</sup> Bone Spring Sand at approx. 6,915 feet TVD.  
**Well Orientation:** East to West  
Completion Location expected to be: standard

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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>CAMACHO 26 STATE COM</b>			
<sup>7</sup> OGRID NO.		<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>			
		<sup>6</sup> Well Number <b>201H</b>			
		<sup>9</sup> Elevation <b>3501'</b>			

<sup>10</sup> Surface Location

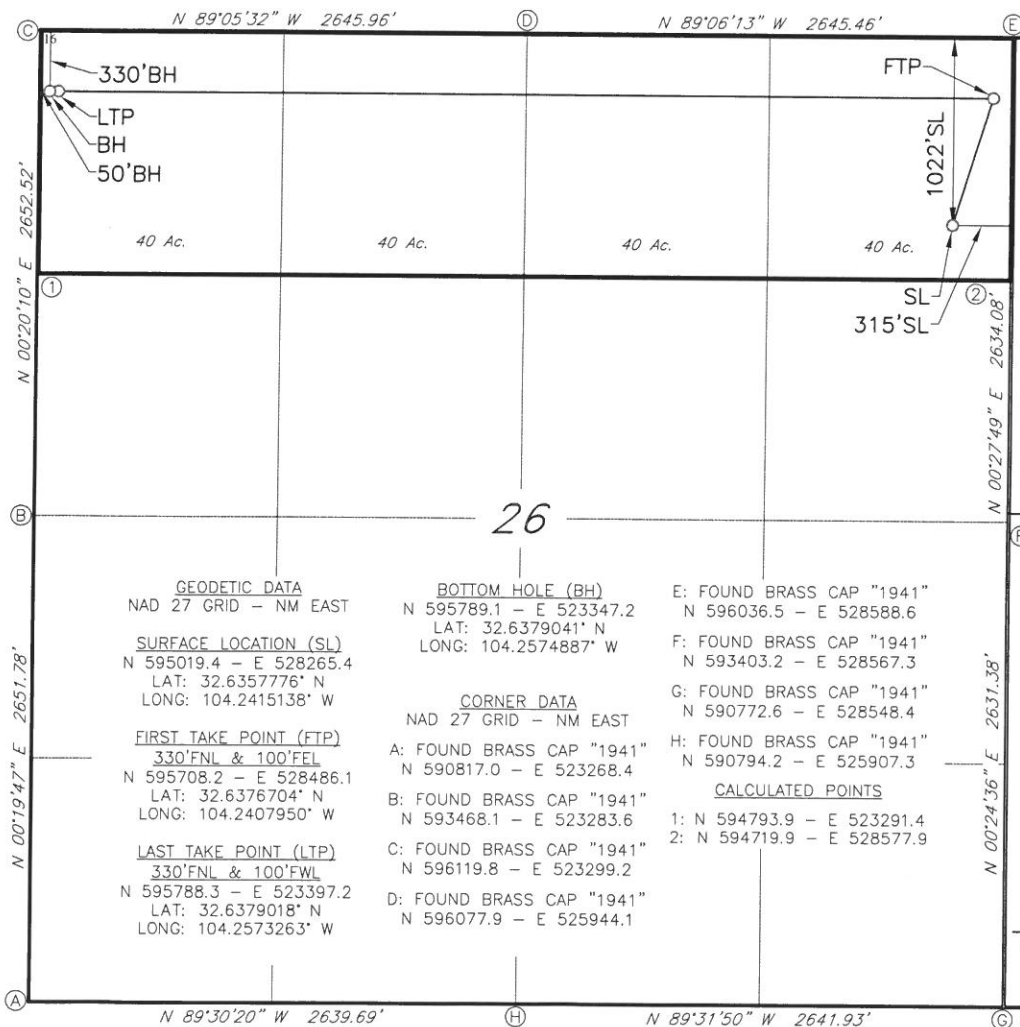
UL or lot no. <b>A</b>	Section <b>26</b>	Township <b>19S</b>	Range <b>27E</b>	Lot Idn	Feet from the <b>1022</b>	North/South line <b>NORTH</b>	Feet From the <b>315</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no. <b>D</b>	Section <b>26</b>	Township <b>19S</b>	Range <b>27E</b>	Lot Idn	Feet from the <b>330</b>	North/South line <b>NORTH</b>	Feet from the <b>50</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
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<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

<sup>18</sup> SURVEYOR CERTIFICATION

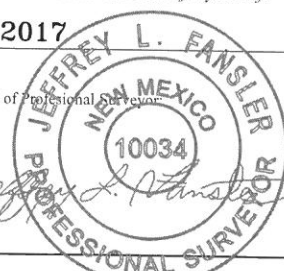
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

**12-07-2017**

Date of Survey

Signature and Seal of Professional Surveyor

**10034**  
Certificate Number



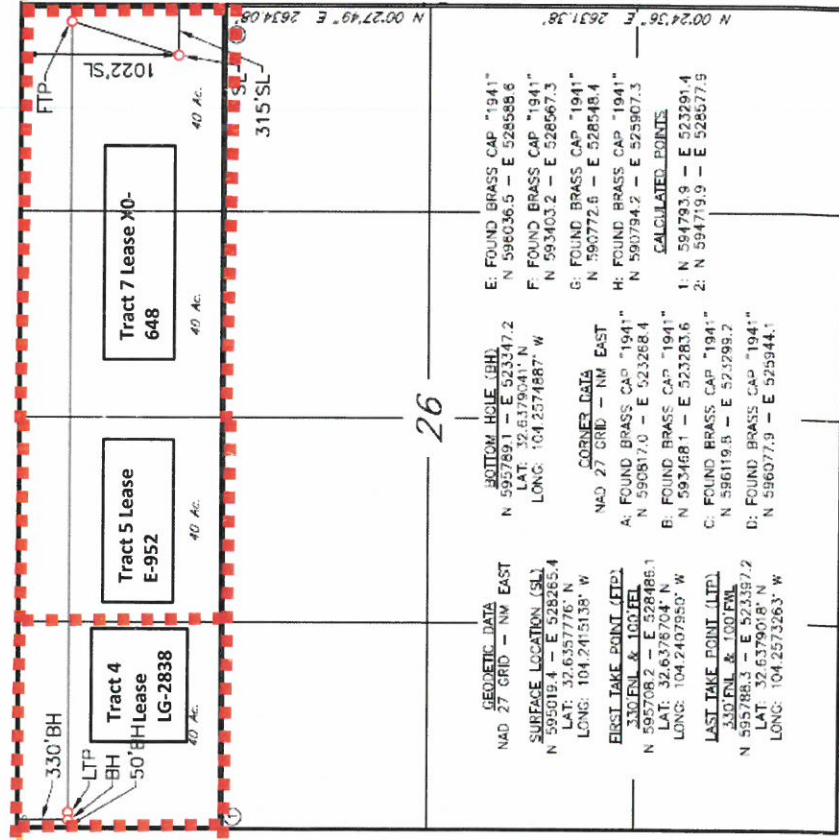
Job No.: LS19121

EXHIBIT

**B.2-25**



# CAMACHO 26 STATE COM #201H



For tract level  
ownership, see  
spreadsheet

Tract 3: New Mexico State Lease VB-562-1, in so far as it covers 80 acres, more or less, being the S/2 NW/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
COG Operating, LLC	95.000000%	WI	Pool
Concho Oil and Gas, LLC	5.000000%	WI	Pool
State of NM	0.18750000	RI	

Tract 5: New Mexico State Lease E-952-3, in so far as it covers 40 acres, more or less, being the NE/4 NW/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
Apache Corporation	100.000000%	WI	JOA
Leo Momsen, Jr	2.500000%	ORRI	Pool
Gus Momsen, III	2.500000%	ORRI	Pool
Margaret Momsen	2.500000%	ORRI	Pool
Virginia M. Grady	2.500000%	ORRI	Pool
Frances M. Cunningham	2.500000%	ORRI	Pool
State of NM	0.12500000	RI	

Tract 7: New Mexico State Lease 648-154, in so far as it covers 160 acres, more or less, being the NE/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
Apache Corporation	65.972194%	WI	Sign JOA
Marathon Oil Company	15.972250%	WI	Pool
EOG Y Resources, Inc	18.055556%	WI	Pool
Marathon Oil Company	3.993056%	ORRI	
Yates Brothers Partnership	2.256944%	ORRI	
State of NM	0.12500000	RI	



VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE # 7018 1830 0000 4084 2460

October 23, 2019

EOG Y Resources, Inc.  
5509 Champions Dr.  
Midland, TX 79706-2843

RE: **WELL PROPOSAL – Camacho State Com #201H**  
Section 26, T19S-R27E  
Eddy County, New Mexico

Dear Working Interest Owner,

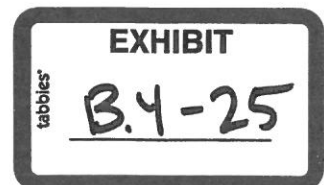
Apache Corporation (herein referred to as “Apache”) proposes to drill the following well located in the N/2N/2 of the referenced section in order to sufficiently and effectively test the 2<sup>nd</sup> Bone Spring formation. Further, the details and specifications of the herein proposed 2<sup>nd</sup> Bone Spring well are as follows:

Well Name:	Camacho State Com #201H
Approx. Surface Location:	NE/4 NE/4 (Unit A)- Section 26-19S-27E
Approx. Terminus:	NW/4 NW/4 (Unit D)- Section 26-19S-27E
Objective:	2 <sup>nd</sup> Bone Spring
Approx. Total Vertical Depth:	6,915'
Approx. Total Measured Depth:	12,795'
Dry Hole Costs:	\$2,438,000
Completed Well Costs:	\$2,135,900
Equipping Costs:	\$605,000
Total Well Costs:	\$5,178,900

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement (“JOA”) covering all of Section 26 with the following general provisions:

- 100%/300% Non-consenting penalty
- Drilling and Producing Rate of \$7,000/\$700
- Apache named as Operator

Enclosed, please find in duplicate our detailed AFE for your review. Should you wish to participate in Apache’s proposed test, please signify your acceptance by returning one (1) copy of the executed election ballot and (1) copy of the executed AFE, along with your well information requirement form. If you do not wish to participate in the proposed well, Apache is willing to discuss an acquisition of your interest, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.



Camacho 26 State Com 201H  
October 23, 2019  
Page 2 of 3

Should you have any further questions, please contact me at [blake.johnson@apachecorp.com](mailto:blake.johnson@apachecorp.com)

Sincerely,

A handwritten signature in black ink, appearing to read "B. Johnson", with a stylized flourish at the end.

Blake Johnson  
Landman  
Apache Corporation



\_\_\_\_\_ Elects to participate in the drilling and completion of the Camacho 26 State Com #201

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling and completion of the Camacho 26 State Com #201

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

# Camacho 26 State Com 201H AFE

Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	\$7,000	\$0	\$0	\$7,000
70003	Bits Coreheads and Reamers	\$72,000	\$3,800	\$0	\$75,800
70004	Casing Crews	\$54,000	\$0	\$0	\$54,000
70006	Cement and Cementing Services	\$151,000	\$0	\$0	\$151,000
70007	Chemicals	\$0	\$152,900	\$0	\$152,900
70008	Communications	\$5,500	\$0	\$0	\$5,500
70011	Company Supervision	\$3,000	\$16,100	\$15,000	\$34,100
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$2,000
70017	Contract Labor	\$45,000	\$0	\$80,000	\$125,000
70019	Contract Rigs - Daywork	\$409,000	\$100	\$30,000	\$439,100
70021	Contract Supervision	\$65,000	\$96,200	\$15,000	\$176,200
70022	Directional Drilling	\$126,000	\$0	\$0	\$126,000
70025	Drilling Fluids	\$167,000	\$0	\$0	\$167,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$20,000
70031	Equipment Rental	\$129,000	\$91,400	\$15,000	\$235,400
70034	Formation and Well Stimulation	\$0	\$376,600	\$0	\$376,600
70035	Formation Testing	\$0	\$56,300	\$0	\$56,300
70037	Fuel	\$71,000	\$192,500	\$0	\$263,500
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$5,000
70047	Legal and Curative	\$20,000	\$0	\$0	\$20,000
70049	Logging	\$0	\$178,300	\$0	\$178,300
70054	LOE-Other	\$30,000	\$0	\$0	\$30,000
70064	Rig Mobilization	\$250,000	\$0	\$0	\$250,000
70065	Road and Site Preparation	\$150,000	\$19,300	\$0	\$169,300
70067	Salt Water Disposal	\$0	\$3,300	\$0	\$3,300
70069	Coiled Tubing	\$0	\$145,400	\$0	\$145,400
70074	Trucking and Hauling	\$30,000	\$0	\$25,000	\$55,000
70076	Tubular Inspection/Testing	\$30,000	\$0	\$0	\$30,000
70077	Water	\$45,000	\$232,300	\$0	\$277,300
70078	Wellsite Damages, Loss, Rightof- Way	\$20,000	\$0	\$0	\$20,000
70116	Containment Disposal Expense	\$115,000	\$0	\$0	\$115,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$29,200	\$37,000	\$66,200
70198	Sand/Proppant	\$0	\$375,300	\$0	\$375,300
70243	Mud Logging	\$15,000	\$0	\$0	\$15,000
70255	Drilling Operations Center	\$5,500	\$0	\$0	\$5,500
70285	Water Transfer	\$0	\$67,400	\$0	\$67,400
70286	Water Treatment	\$0	\$20,500	\$0	\$20,500
70289	Frac Plugs	\$0	\$31,000	\$0	\$31,000
70291	Frac Valve / Frac Tree	\$0	\$37,700	\$0	\$37,700
70529	Safety Case	\$2,000	\$0	\$0	\$2,000
Subtotal	Intangible Materials Cost	\$2,058,000	\$2,126,600	\$237,000	\$4,421,600
Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000
71012	Flow Lines	\$0	\$0	\$200,000	\$200,000
71018	Instrumentation	\$0	\$0	\$0	\$0
71019	Intermediate Casing	\$80,000	\$0	\$0	\$80,000
71032	Other Subsurface Equipment	\$40,000	\$0	\$18,000	\$58,000
71034	Personnel Safety Systems	\$0	\$9,300	\$0	\$9,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$15,000
71040	Production Casing	\$200,000	\$0	\$0	\$200,000
71050	Surface Casing	\$15,000	\$0	\$0	\$15,000
71053	Tubing	\$0	\$0	\$70,000	\$70,000
71056	Wellhead Assembly	\$45,000	\$0	\$35,000	\$80,000
Subtotal	Tangible Materials Cost	\$380,000	\$9,300	\$368,000	\$757,300
	Description	Dry Hole	Completion	Equipping	Total Well Cost
	Subtotal Intangible Costs	\$2,058,000	\$2,126,600	\$237,000	\$4,421,600
	Subtotal Tangible Costs	\$380,000	\$9,300	\$368,000	\$757,300
	Grand Total	\$2,438,000	\$2,135,900	\$605,000	\$5,178,900
<b>Drilling</b>					
Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 4 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.					
<b>Completions</b>					
29 Stage P&P complete 5100 ft. lateral @ 180 ft/stg 1500 #/ft. 0% RC 36 bbl/ft Water @ 1.1 \$/bbl.					
<b>Equipping</b>					

EXHIBIT

tabbies

B.5-25

This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree. AFE will also include funds necessary to bury flowlines for future 3rd BS wells.

**Notice to Nonoperators:** Cost shown on this form estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

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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"), OGRID Number 873, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of this application, Apache states as follows:

1. Apache is an interest owner in the subject lands and has a right to drill a well thereon.
2. Apache seeks to dedicate the S/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico to form a 160-acre, more or less, Bone Spring horizontal spacing unit.
3. Apache plans to drill the **Camacho 26 State Com 202H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location of 1,060' FNL and 315' FEL of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, and an intended bottom hole location of 1,870' FNL and 50' FWL of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County.



4. This well is proposed to be drilled vertically to a depth of approximately 6,970' to the Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the Palmillo; Bone Spring, Southwest Pool (Code: 96413) and will comply with the Division's setback requirements.

6. Apache sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the unit.

7. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Apache requests that this case is set for hearing before an Examiner of the Oil Conservation Division on February 6, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 160-acre horizontal spacing unit in the Bone Spring formation comprised of S/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the S/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico;

C. Designating Apache as operator of this unit and the well to be drilled thereon;

D. Authorizing Apache to recover its costs of drilling, completing and equipping the well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By: 

Earl E. DeBrine, Jr.

Lance D. Hough

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

[edebrine@modrall.com](mailto:edebrine@modrall.com)

[ldh@modrall.com](mailto:ldh@modrall.com)

*Attorneys for Applicant*

W3604983.DOCX



**CASE NO. \_\_\_\_\_: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 202H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

## Exhibit "A"

**Applicant:** Apache Corporation  
**Operator:** Apache Corporation (OGRID 873)

**Spacing Unit:** Horizontal- Oil  
**Building Blocks:** quarter-quarter sections  
**Spacing Unit Size:** 160 acres, more or less  
**Orientation of Unit:** East to West

**Spacing Unit Description:**  
160 acres in the N/2N/2 Section 26  
Township 19S, Range 27E, NMPM, Eddy County, New Mexico

**Pooling this Vertical Extent:** Bone Spring Formation  
**Depth Severance? (Yes/No):** No

**Pool:** Palmillo; Bone Spring, Southwest Pool (Code: 96413)  
**Pool Spacing Unit Size:** quarter-quarter sections  
**Governing Well Setbacks:** Horizontal Oil Well Rules 19.15.16.15.C NMAC  
**Pool Rules:** Latest Horizontal Rules Apply.

**Proximity Tracts:** None Included

**Monthly charge for supervision:** While drilling: \$7,000 While producing: \$700  
**Charge for risk:** 200 percent of reasonable well costs.

### Proposed Well:

Camacho 26 State Com 202H, API No. (Pending)  
SHL: 1060' feet from the North line and 315 feet from the East line,  
(Unit A) of Section 26, Township 19 South, Range 27 East, NMPM.  
BHL: 1870' feet from the North line and 50 feet from the West line,  
(Unit E) of Section 26, Township 19 South, Range 27 East, NMPM.

**Completion Target:** 2<sup>nd</sup> Bone Spring Sand at approx 6,970 feet TVD.  
**Well Orientation:** East to West  
Completion Location expected to be: standard

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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>CAMACHO 26 STATE COM</b>	<sup>6</sup> Well Number <b>202H</b>
<sup>7</sup> OGRID NO.	<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>	<sup>9</sup> Elevation <b>3499'</b>

<sup>10</sup> Surface Location

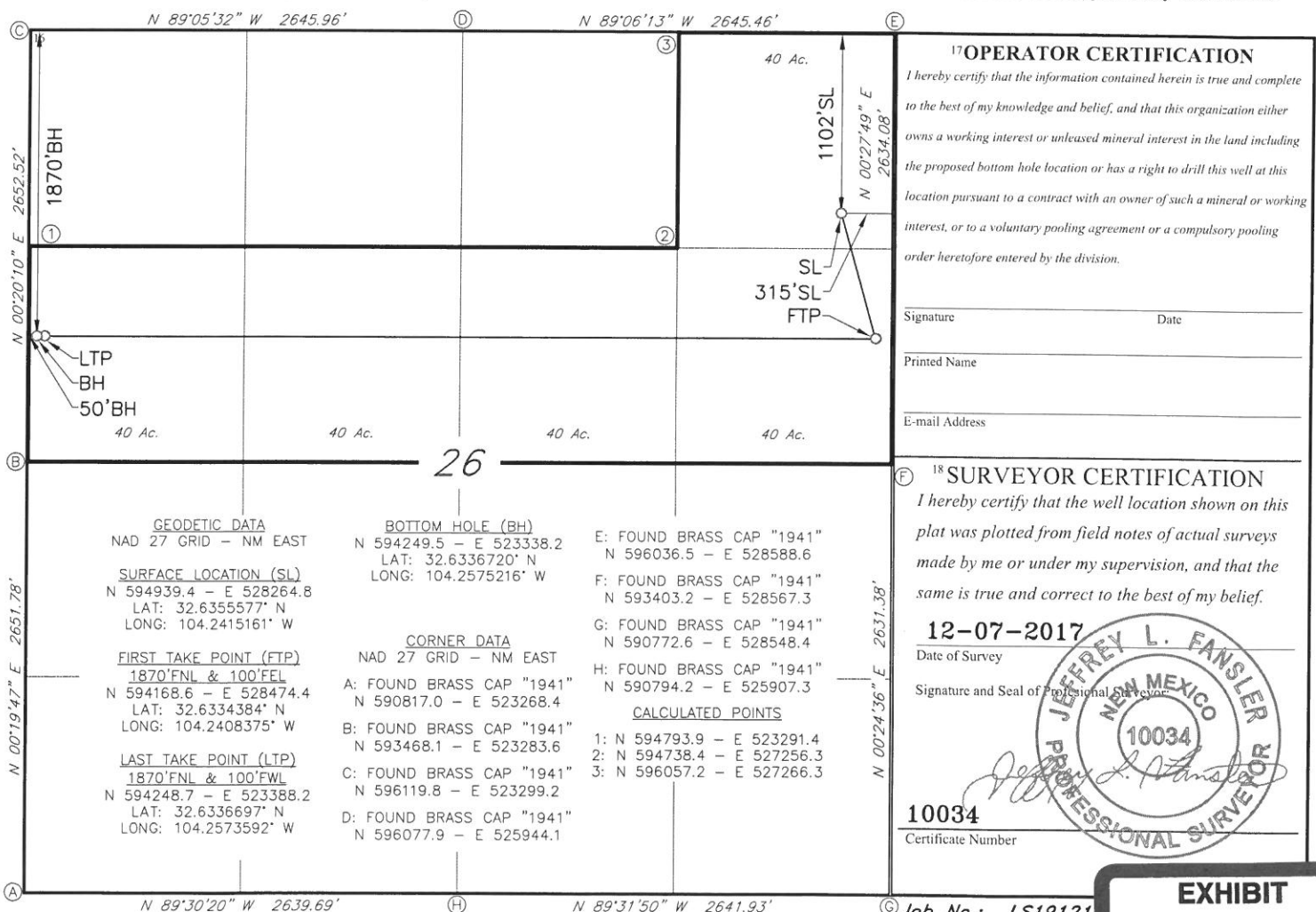
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
<b>A</b>	<b>26</b>	<b>19S</b>	<b>27E</b>		<b>1102</b>	<b>NORTH</b>	<b>315</b>	<b>EAST</b>	<b>EDDY</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

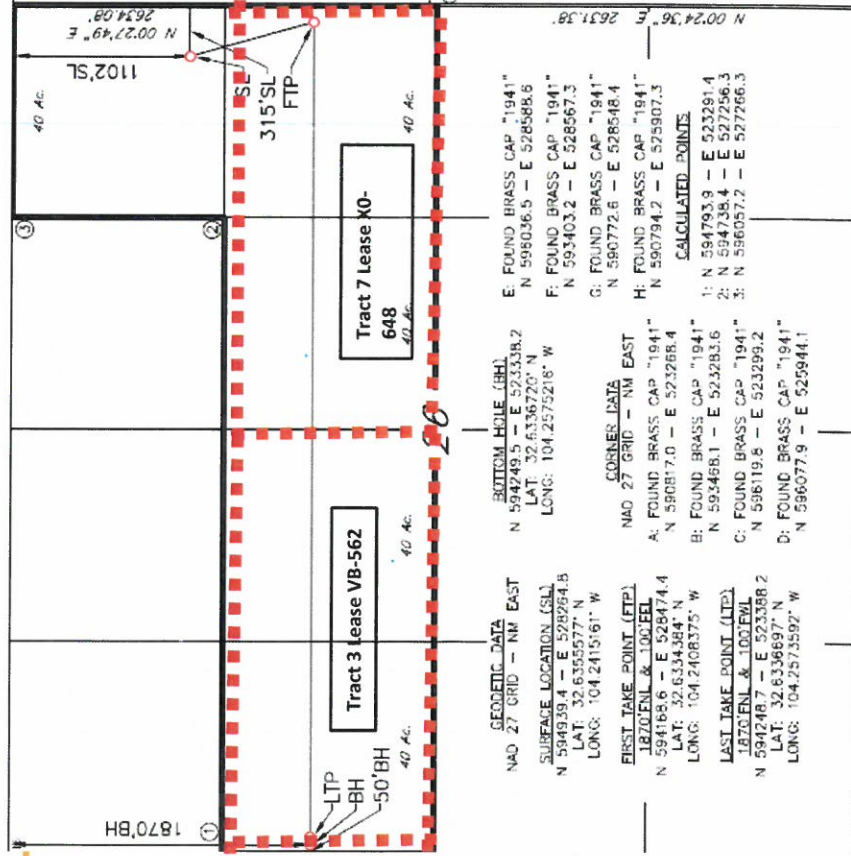
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>E</b>	<b>26</b>	<b>19S</b>	<b>27E</b>		<b>1870</b>	<b>NORTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



# CAMACHO 26 STATE COM #202H



For tract level  
ownership, see  
spreadsheet

Tract 3: New Mexico State Lease VB-562-1, in so far as it covers 80 acres, more or less, being the S/2 NW/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
COG Operating, LLC	95.000000%	WI	Pool
Concho Oil and Gas, LLC	5.000000%	WI	Pool
State of NM			
	0.18750000	RI	



Tract 7: New Mexico State Lease 648-154, in so far as it covers 160 acres, more or less, being the NE/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
Apache Corporation	65.972194%	WI	Sign JOA
Marathon Oil Company	15.972250%	WI	Pool
EOG Y Resources, Inc	18.055556%	WI	Pool
Marathon Oil Company	3.993056%	ORRI	
Yates Brothers Partnership	2.256944%	ORRI	
State of NM	0.12500000	RI	



VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE # 7018 1830 0000 4084 2460

October 23, 2019

EOG Y Resources, Inc.  
5509 Champions Dr.  
Midland, TX 79706-2843

RE: **WELL PROPOSAL – Camacho State Com #202H**  
Section 26, T19S-R27E  
Eddy County, New Mexico

Dear Working Interest Owner,

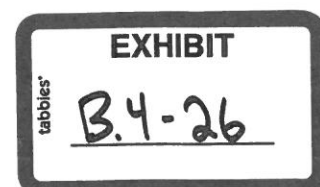
Apache Corporation (herein referred to as “Apache”) proposes to drill the following well located in the S/2N/2 of the referenced section in order to sufficiently and effectively test the 2<sup>nd</sup> Bone Spring formation. Further, the details and specifications of the herein proposed 2<sup>nd</sup> Bone Spring well are as follows:

Well Name:	Camacho State Com #202H
Approx. Surface Location:	SE/4 NE/4 (Unit H)- Section 26-19S-27E
Approx. Terminus:	SW/4 NW/4 (Unit E)- Section 26-19S-27E
Objective:	2 <sup>nd</sup> Bone Spring
Approx. Total Vertical Depth:	6,970'
Approx. Total Measured Depth:	12,850'
Dry Hole Costs:	\$2,438,000
Completed Well Costs:	\$2,135,900
Equipping Costs:	\$605,000
Total Well Costs:	\$5,178,900

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement (“JOA”) covering all of Section 26 with the following general provisions:

- 100%/300% Non-consenting penalty
- Drilling and Producing Rate of \$7,000/\$700
- Apache named as Operator

Enclosed, please find in duplicate our detailed AFE for your review. Should you wish to participate in Apache’s proposed test, please signify your acceptance by returning one (1) copy of the executed election ballot and (1) copy of the executed AFE, along with your well information requirement form. If you do not wish to participate in the proposed well, Apache is willing to discuss an acquisition of your interest, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.



Should you have any further questions, please contact me at [blake.johnson@apachecorp.com](mailto:blake.johnson@apachecorp.com)

Sincerely,

A handwritten signature in black ink, appearing to read "B. Johnson", with a stylized flourish at the end.

Blake Johnson  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling and completion of the Camacho 26 State Com #202H

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling and completion of the Camacho 26 State Com #202H

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

Camacho 26 State Com 202H AFE					
Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	\$7,000	\$0	\$0	\$7,000
70003	Bits Coreheads and Reamers	\$72,000	\$3,800	\$0	\$75,800
70004	Casing Crews	\$54,000	\$0	\$0	\$54,000
70006	Cement and Cementing Services	\$151,000	\$0	\$0	\$151,000
70007	Chemicals	\$0	\$152,900	\$0	\$152,900
70008	Communications	\$5,500	\$0	\$0	\$5,500
70011	Company Supervision	\$3,000	\$16,100	\$15,000	\$34,100
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$2,000
70017	Contract Labor	\$45,000	\$0	\$80,000	\$125,000
70019	Contract Rigs - Daywork	\$409,000	\$100	\$30,000	\$439,100
70021	Contract Supervision	\$65,000	\$96,200	\$15,000	\$176,200
70022	Directional Drilling	\$126,000	\$0	\$0	\$126,000
70025	Drilling Fluids	\$167,000	\$0	\$0	\$167,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$20,000
70031	Equipment Rental	\$129,000	\$91,400	\$15,000	\$235,400
70034	Formation and Well Stimulation	\$0	\$376,600	\$0	\$376,600
70035	Formation Testing	\$0	\$56,300	\$0	\$56,300
70037	Fuel	\$71,000	\$192,500	\$0	\$263,500
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$5,000
70047	Legal and Curative	\$20,000	\$0	\$0	\$20,000
70049	Logging	\$0	\$178,300	\$0	\$178,300
70054	LOE-Other	\$30,000	\$0	\$0	\$30,000
70064	Rig Mobilization	\$250,000	\$0	\$0	\$250,000
70065	Road and Site Preparation	\$150,000	\$19,300	\$0	\$169,300
70067	Salt Water Disposal	\$0	\$3,300	\$0	\$3,300
70069	Coiled Tubing	\$0	\$145,400	\$0	\$145,400
70074	Trucking and Hauling	\$30,000	\$0	\$25,000	\$55,000
70076	Tubular Inspection/Testing	\$30,000	\$0	\$0	\$30,000
70077	Water	\$45,000	\$232,300	\$0	\$277,300
70078	Wellsite Damages, Loss, Rightof- Way	\$20,000	\$0	\$0	\$20,000
70116	Containment Disposal Expense	\$115,000	\$0	\$0	\$115,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$29,200	\$37,000	\$66,200
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70243	Mud Logging	\$15,000	\$0	\$0	\$15,000
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Subtotal	Intangible Materials Cost	\$2,058,000	\$2,126,600	\$237,000	\$4,421,600
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Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
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71056	Wellhead Assembly	\$45,000	\$0	\$35,000	\$80,000
Subtotal	Tangible Materials Cost	\$380,000	\$9,300	\$368,000	\$757,300
Summary					
Description		Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs		\$2,058,000	\$2,126,600	\$237,000	\$4,421,600
Subtotal Tangible Costs		\$380,000	\$9,300	\$368,000	\$757,300
Grand Total		\$2,438,000	\$2,135,900	\$605,000	\$5,178,900
<b>Drilling</b>					
Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 4 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24k per day.					
<b>Completions</b>					
29 Stage P&P complete 5100 ft. lateral @ 180 ft/stg 1500 #/ft. 0% RC 36 bbl/ft Water @ 1.1 \$/bbl.					
<b>Equipping</b>					

EXHIBIT

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B.5-26



This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree. AFE will also include funds necessary to bury flowlines for future 3rd BS wells.

**Notice to Nonoperators:** Cost shown on this form estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

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

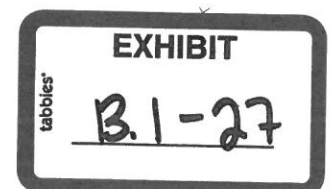
APPLICATION OF APACHE CORPORATION  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO

CASE NO. \_\_\_\_\_

APPLICATION

Apache Corporation ("Apache"), OGRID Number 873, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of this application, Apache states as follows:

1. Apache is an interest owner in the subject lands and has a right to drill a well thereon.
2. Apache seeks to dedicate the N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico to form a 160-acre, more or less, Bone Spring horizontal spacing unit.
3. Apache plans to drill the **Camacho 26 State Com 203H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location of 1,265' FSL and 315' FEL of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, and an intended bottom hole location of 1,870' FSL and 50' FWL of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County.



4. This well is proposed to be drilled vertically to a depth of approximately 6,950' to the Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the Palmillo; Bone Spring, Southwest Pool (Code: 96413) and will comply with the Division's setback requirements.

6. Apache sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Apache requests that this case is set for hearing before an Examiner of the Oil Conservation Division on February 6, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximately 160-acre horizontal spacing unit in the Bone Spring formation comprised of N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico;

C. Designating Apache as operator of this unit and the well to be drilled thereon;

D. Authorizing Apache to recover its costs of drilling, completing and equipping the well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By: 

\_\_\_\_\_  
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[edebrine@modrall.com](mailto:edebrine@modrall.com)  
[ldh@modrall.com](mailto:ldh@modrall.com)  
*Attorneys for Applicant*

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**CASE NO. \_\_\_\_\_: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 203H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

## Exhibit "A"

**Applicant:** Apache Corporation  
**Operator:** Apache Corporation (OGRID 873)

**Spacing Unit:** Horizontal- Oil  
**Building Blocks:** quarter-quarter sections  
**Spacing Unit Size:** 160 acres, more or less  
**Orientation of Unit:** East to West

**Spacing Unit Description:**  
160 acres in the N/2N/2 Section 26  
Township 19S, Range 27E, NMPM, Eddy County, New Mexico

**Pooling this Vertical Extent:** Bone Spring Formation  
**Depth Severance? (Yes/No):** No

**Pool:** Palmillo; Bone Spring, Southwest Pool (Code: 96413)  
**Pool Spacing Unit Size:** quarter-quarter sections  
**Governing Well Setbacks:** Horizontal Oil Well Rules 19.15.16.15.C NMAC  
**Pool Rules:** Latest Horizontal Rules Apply.

**Proximity Tracts:** None Included

**Monthly charge for supervision:** While drilling: \$7,000 While producing: \$700  
**Charge for risk:** 200 percent of reasonable well costs.

### Proposed Well:

Camacho 26 State Com 203H, API No. (Do not have yet)  
SHL: 1265' feet from the South line and 315 feet from the East line,  
(Unit P) of Section 26, Township 19 South, Range 27 East, NMPM.  
BHL: 1870' feet from the South line and 50 feet from the West line,  
(Unit L) of Section 26, Township 19 South, Range 27 East, NMPM.

**Completion Target:** 2<sup>nd</sup> Bone Spring Sand at approx 6,950 feet TVD.  
**Well Orientation:** East to West  
Completion Location expected to be: standard

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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>CAMACHO 26 STATE COM</b>	<sup>6</sup> Well Number <b>203H</b>
<sup>7</sup> OGRID NO.	<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>	<sup>9</sup> Elevation <b>3456'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>26</b>	<b>19S</b>	<b>27E</b>		<b>1285</b>	<b>SOUTH</b>	<b>315</b>	<b>EAST</b>	<b>EDDY</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>L</b>	<b>26</b>	<b>19S</b>	<b>27E</b>		<b>1870</b>	<b>SOUTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><b>GEODETIC DATA</b> NAD 27 GRID - NM EAST <b>SURFACE LOCATION (SL)</b> N 592059.5 - E 528242.7 LAT: 32.6276414° N LONG: 104.2415958° W <b>FIRST TAKE POINT (FTP)</b> 1870'FSL &amp; 100'FEL N 592642.8 - E 528462.7 LAT: 32.6292443° N LONG: 104.2408796° W <b>LAST TAKE POINT (LTP)</b> 1870'FSL &amp; 100'FWL N 592685.6 - E 523379.1 LAT: 32.6293729° N LONG: 104.2573924° W</p>		<p><b>BOTTOM HOLE (BH)</b> N 592686.0 - E 523329.1 LAT: 32.6293742° N LONG: 104.2575547° W <b>CORNER DATA</b> NAD 27 GRID - NM EAST A: FOUND BRASS CAP "1941" N 590817.0 - E 523268.4 B: FOUND BRASS CAP "1941" N 593468.1 - E 523283.6 C: FOUND BRASS CAP "1941" N 596119.8 - E 523299.2 D: FOUND BRASS CAP "1941" N 596077.9 - E 525944.1</p>		<p>E: FOUND BRASS CAP "1941" N 596036.5 - E 528588.6 F: FOUND BRASS CAP "1941" N 593403.2 - E 528567.3 G: FOUND BRASS CAP "1941" N 590772.6 - E 528548.4 H: FOUND BRASS CAP "1941" N 590794.2 - E 525907.3 <b>CALCULATED POINTS</b> 1: N 592142.5 - E 523276.0 2: N 590783.4 - E 527227.9 3: N 592101.6 - E 527237.1</p>	
<p>40 Ac. 40 Ac. 40 Ac. 40 Ac.</p> <p>50' BH BH LTP</p> <p>1870' BH</p>		<p>FTP SL'</p> <p>315' SL</p> <p>1285' SL</p>			

**17 OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
Printed Name \_\_\_\_\_  
E-mail Address \_\_\_\_\_

**18 SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

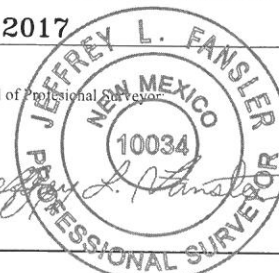
**12-07-2017**

Date of Survey

Signature and Seal of Professional Surveyor

**10034**

Certificate Number



Job No.: LS19121

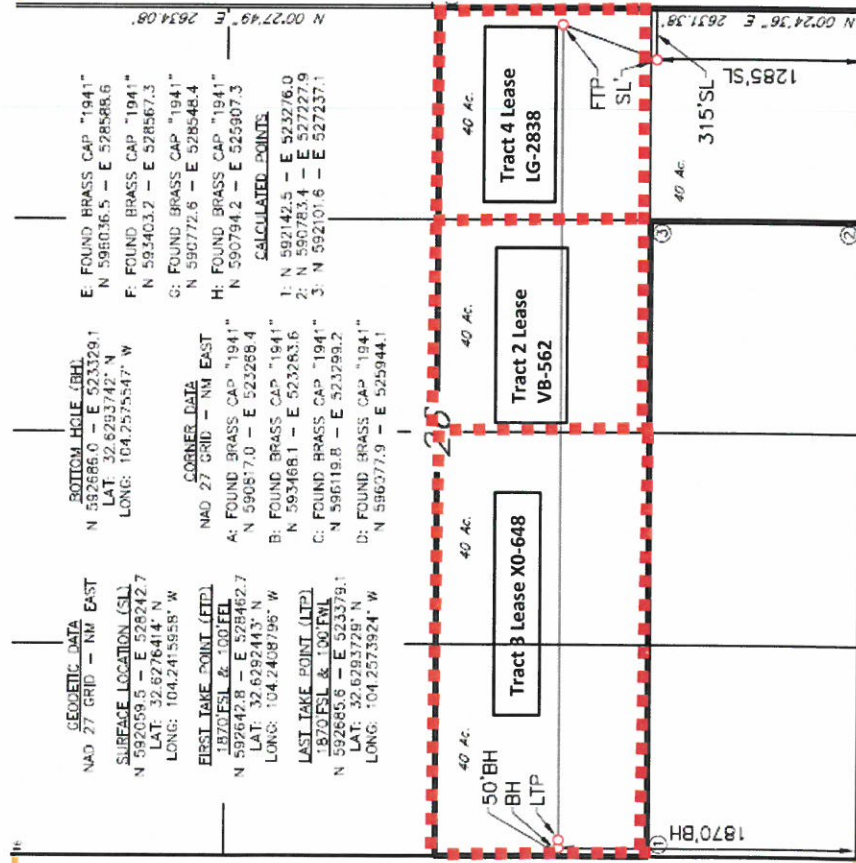
**EXHIBIT**

**B2-27**



**CAMACHO 26 STATE COM #203H**

For tract level ownership, see spreadsheet



Tract 2: New Mexico State Lease VB-562-1, in so far as it covers 40 acres, more or less, being the NW/4 SE/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
ZPZ Delaware I, LLC	100.000000%	WI	JOA
State of NM	0.18750000	RI	

Tract 3: New Mexico State Lease VB-562-1, in so far as it covers 80 acres, more or less, being the S/2 NW/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
COG Operating, LLC	95.000000%	WI	Pool
Concho Oil and Gas, LLC	5.000000%	WI	Pool
State of NM	0.18750000	RI	

Tract 4: New Mexico State Lease LG-2838-3, in so far as it covers 200 acres, more or less, being the NW/4 NW/4, SW/4 SW/4, S/2 SE/4, NE/4 SE/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
Apache Corporation	100.000000%	WI	JOA
State of NM			
	0.12500000	RI	



VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE # 7018 1830 0000 4084 2460

October 23, 2019

EOG Y Resources, Inc.  
5509 Champions Dr.  
Midland, TX 79706-2843

RE: **WELL PROPOSAL – Camacho State Com #203H**  
Section 26, T19S-R27E  
Eddy County, New Mexico

Dear Working Interest Owner,

Apache Corporation (herein referred to as “Apache”) proposes to drill the following well located in the N/2S/2 of the referenced section in order to sufficiently and effectively test the 2<sup>nd</sup> Bone Spring formation. Further, the details and specifications of the herein proposed 2<sup>nd</sup> Bone Spring well are as follows:

Well Name:	Camacho State Com #203H
Approx. Surface Location:	NE/4 SE/4 (Unit I)- Section 26-19S-27E
Approx. Terminus:	NW/4 SW/4 (Unit L)- Section 26-19S-27E
Objective:	2 <sup>nd</sup> Bone Spring
Approx. Total Vertical Depth:	6,950'
Approx. Total Measured Depth:	12,830'
Dry Hole Costs:	\$2,438,000
Completed Well Costs:	\$2,135,900
Equipping Costs:	\$605,000
Total Well Costs:	\$5,178,900

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement (“JOA”) covering all of Section 26 with the following general provisions:

- 100%/300% Non-consenting penalty
- Drilling and Producing Rate of \$7,000/\$700
- Apache named as Operator

Enclosed, please find in duplicate our detailed AFE for your review. Should you wish to participate in Apache’s proposed test, please signify your acceptance by returning one (1) copy of the executed election ballot and (1) copy of the executed AFE, along with your well information requirement form. If you do not wish to participate in the proposed well, Apache is willing to discuss an acquisition of your interest, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.



Camacho 26 State Com 203H  
October 23, 2019  
Page 2 of 3

Should you have any further questions, please contact me at [blake.johnson@apachecorp.com](mailto:blake.johnson@apachecorp.com)

Sincerely,

A handwritten signature in black ink, appearing to read "B. Johnson", with a stylized flourish at the end.

Blake Johnson  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling and completion of the Camacho 26 State Com #203H

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling and completion of the Camacho 26 State Com #203H

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_



Camacho 26 State Com 203H AFE					
Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	\$7,000	\$0	\$0	\$7,000
70003	Bits Coreheads and Reamers	\$72,000	\$3,800	\$0	\$75,800
70004	Casing Crews	\$54,000	\$0	\$0	\$54,000
70006	Cement and Cementing Services	\$151,000	\$0	\$0	\$151,000
70007	Chemicals	\$0	\$152,900	\$0	\$152,900
70008	Communications	\$5,500	\$0	\$0	\$5,500
70011	Company Supervision	\$3,000	\$16,100	\$15,000	\$34,100
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$2,000
70017	Contract Labor	\$45,000	\$0	\$80,000	\$125,000
70019	Contract Rigs - Daywork	\$409,000	\$100	\$30,000	\$439,100
70021	Contract Supervision	\$65,000	\$96,200	\$15,000	\$176,200
70022	Directional Drilling	\$126,000	\$0	\$0	\$126,000
70025	Drilling Fluids	\$167,000	\$0	\$0	\$167,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$20,000
70031	Equipment Rental	\$129,000	\$91,400	\$15,000	\$235,400
70034	Formation and Well Stimulation	\$0	\$376,600	\$0	\$376,600
70035	Formation Testing	\$0	\$56,300	\$0	\$56,300
70037	Fuel	\$71,000	\$192,500	\$0	\$263,500
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$5,000
70047	Legal and Curative	\$20,000	\$0	\$0	\$20,000
70049	Logging	\$0	\$178,300	\$0	\$178,300
70054	LOE-Other	\$30,000	\$0	\$0	\$30,000
70064	Rig Mobilization	\$250,000	\$0	\$0	\$250,000
70065	Road and Site Preparation	\$150,000	\$19,300	\$0	\$169,300
70067	Salt Water Disposal	\$0	\$3,300	\$0	\$3,300
70069	Coiled Tubing	\$0	\$145,400	\$0	\$145,400
70074	Trucking and Hauling	\$30,000	\$0	\$25,000	\$55,000
70076	Tubular Inspection/Testing	\$30,000	\$0	\$0	\$30,000
70077	Water	\$45,000	\$232,300	\$0	\$277,300
70078	Wellsite Damages, Loss, Rightof- Way	\$20,000	\$0	\$0	\$20,000
70116	Containment Disposal Expense	\$115,000	\$0	\$0	\$115,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$29,200	\$37,000	\$66,200
70198	Sand/Proppant	\$0	\$375,300	\$0	\$375,300
70243	Mud Logging	\$15,000	\$0	\$0	\$15,000
70255	Drilling Operations Center	\$5,500	\$0	\$0	\$5,500
70285	Water Transfer	\$0	\$67,400	\$0	\$67,400
70286	Water Treatment	\$0	\$20,500	\$0	\$20,500
70289	Frac Plugs	\$0	\$31,000	\$0	\$31,000
70291	Frac Valve / Frac Tree	\$0	\$37,700	\$0	\$37,700
70529	Safety Case	\$2,000	\$0	\$0	\$2,000
Subtotal	Intangible Materials Cost	\$2,058,000	\$2,126,600	\$237,000	\$4,421,600
Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000
71012	Flow Lines	\$0	\$0	\$200,000	\$200,000
71018	Instrumentation	\$0	\$0	\$0	\$0
71019	Intermediate Casing	\$80,000	\$0	\$0	\$80,000
71032	Other Subsurface Equipment	\$40,000	\$0	\$18,000	\$58,000
71034	Personnel Safety Systems	\$0	\$9,300	\$0	\$9,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$15,000
71040	Production Casing	\$200,000	\$0	\$0	\$200,000
71050	Surface Casing	\$15,000	\$0	\$0	\$15,000
71053	Tubing	\$0	\$0	\$70,000	\$70,000
71056	Wellhead Assembly	\$45,000	\$0	\$35,000	\$80,000
Subtotal	Tangible Materials Cost	\$380,000	\$9,300	\$368,000	\$757,300
Summary					
Description		Dry Hole	Completion	Equipping	Total Well Cost
Subtotal Intangible Costs		\$2,058,000	\$2,126,600	\$237,000	\$4,421,600
Subtotal Tangible Costs		\$380,000	\$9,300	\$368,000	\$757,300
Grand Total		\$2,438,000	\$2,135,900	\$605,000	\$5,178,900
<b>Drilling</b>					
Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 4 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.					
<b>Completions</b>					
29 Stage P&P complete 5100 ft. lateral @ 180 ft/stg 1500 #/ft. 0% RC 36 bbl/ft Water @ 1.1 bbl.					
<b>Equipping</b>					

EXHIBIT

tabbles®

B.5-27

This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree. AFE will also include funds necessary to bury flowlines for future 3rd BS wells.

**Notice to Nonoperators:** Cost shown on this form estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.

[illegible]

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

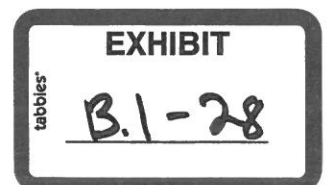
APPLICATION OF APACHE CORPORATION  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO

CASE NO. \_\_\_\_\_

APPLICATION

Apache Corporation ("Apache"), OGRID Number 873, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of this application, Apache states as follows:

1. Apache is an interest owner in the subject lands and has a right to drill a well thereon.
2. Apache seeks to dedicate the S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico to form a 160-acre, more or less, Bone Spring spacing unit.
3. Apache plans to drill the **Camacho 26 State Com 204H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location of 1,205' FSL and 315' FEL of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, and an intended bottom hole location of 370' FSL and 50' FWL of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County.



4. This well is proposed to be drilled vertically to a depth of approximately 7,000' to the Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the Palmillo; Bone Spring, Southwest Pool (Code: 96413) and will comply with the Division's setback requirements.

6. Apache sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Apache requests that this case is set for hearing before an Examiner of the Oil Conservation Division on February 6, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximated 160-acre horizontal spacing unit in the Bone Spring formation comprised of S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico;

C. Designating Apache as operator of this unit and the well to be drilled thereon;

D. Authorizing Apache to recover its costs of drilling, completing and equipping the well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By: 

Earl E. DeBrine, Jr.  
Lance D. Hough  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
[edebrine@modrall.com](mailto:edebrine@modrall.com)  
[ldh@modrall.com](mailto:ldh@modrall.com)  
*Attorneys for Applicant*

W3605023.DOCX

CASE NO. \_\_\_\_: **Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 204H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

## Exhibit "A"

**Applicant:** Apache Corporation  
**Operator:** Apache Corporation (OGRID 873)

**Spacing Unit:** Horizontal- Oil  
**Building Blocks:** quarter-quarter sections  
**Spacing Unit Size:** 160 acres, more or less  
**Orientation of Unit:** East to West

**Spacing Unit Description:**  
160 acres in the N/2N/2 Section 26  
Township 19S, Range 27E, NMPM, Eddy County, New Mexico

**Pooling this Vertical Extent:** Bone Spring Formation  
**Depth Severance? (Yes/No):** No

**Pool:** Palmillo; Bone Spring, Southwest Pool (Code: 96413)  
**Pool Spacing Unit Size:** quarter-quarter sections  
**Governing Well Setbacks:** Horizontal Oil Well Rules 19.15.16.15.C NMAC  
**Pool Rules:** Latest Horizontal Rules Apply.

**Proximity Tracts:** None Included

**Monthly charge for supervision:** While drilling: \$7,000 While producing: \$700  
**Charge for risk:** 200 percent of reasonable well costs.

### Proposed Well:

Camacho 26 State Com 204H, API No. (Pending)  
SHL: 1205' feet from the South line and 315 feet from the East line,  
(Unit P) of Section 26, Township 19 South, Range 27 East, NMPM.  
BHL: 370' feet from the South line and 50 feet from the West line,  
(Unit M) of Section 26, Township 19 South, Range 27 East, NMPM.

**Completion Target:** 2<sup>nd</sup> Bone Spring Sand at approx 7,000 feet TVD.  
**Well Orientation:** East to West  
Completion Location expected to be: standard



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 Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>CAMACHO 26 STATE COM</b>			<sup>6</sup> Well Number <b>204H</b>
<sup>7</sup> OGRID NO.		<sup>8</sup> Operator Name <b>APACHE CORPORATION</b>			<sup>9</sup> Elevation <b>3454'</b>

<sup>10</sup> Surface Location

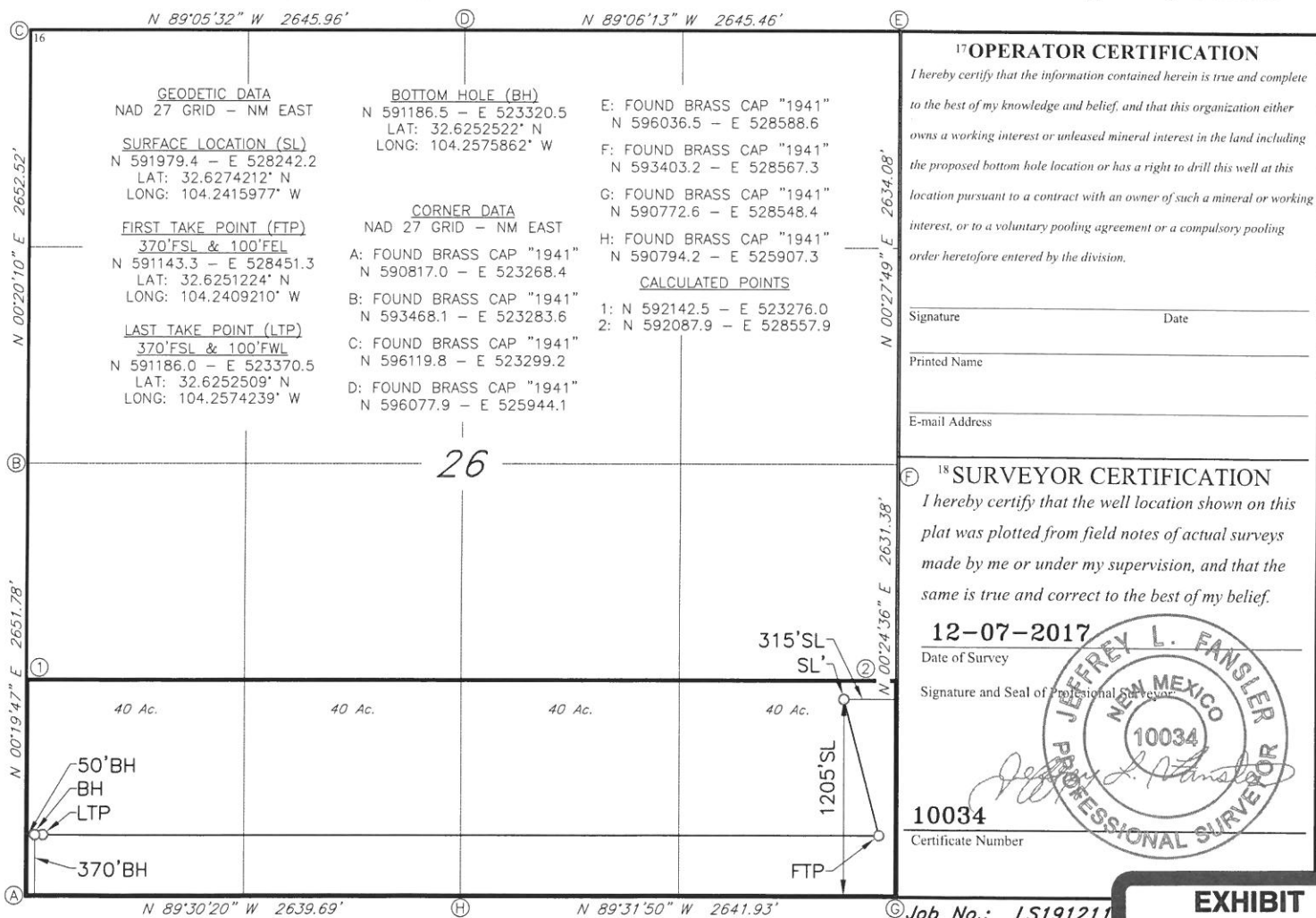
UL or lot no. <b>P</b>	Section <b>26</b>	Township <b>19S</b>	Range <b>27E</b>	Lot Idn	Feet from the <b>1205</b>	North/South line <b>SOUTH</b>	Feet From the <b>315</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no. <b>M</b>	Section <b>26</b>	Township <b>19S</b>	Range <b>27E</b>	Lot Idn	Feet from the <b>370</b>	North/South line <b>SOUTH</b>	Feet from the <b>50</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
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<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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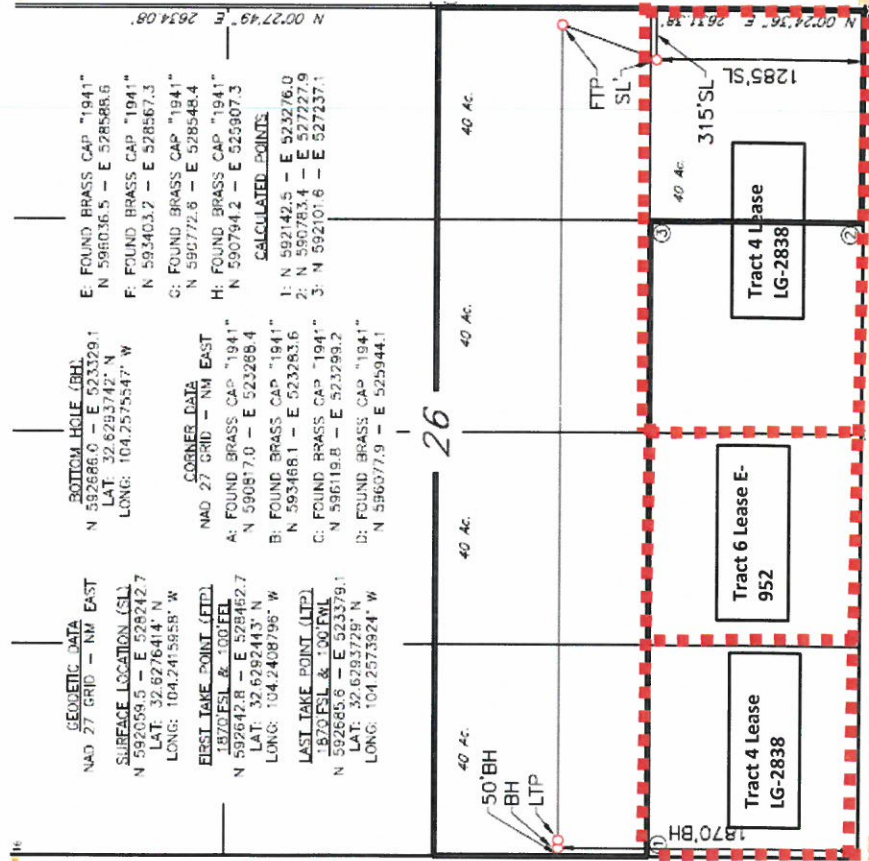
No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



EXHIBIT

B.2-28

# CAMACHO 26 STATE COM #204H



For tract level ownership, see spreadsheet

Tract 4: New Mexico State Lease LG-2838-3, in so far as it covers 200 acres, more or less, being the NW/4 NW/4, SW/4 SW/4, S/2 SE/4, NE/4 SE/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
Apache Corporation	100.000000%	WI	JOA
State of NM			
	0.12500000	RI	

Tract 6: New Mexico State Lease E-952-15, in so far as it covers 40 acres, more or less, being the SE/4 SW/4 of Section 26, Township 19 South, Range 27 East, N. M. P. M., Eddy County, New Mexico.

Owner	Interest	Type	Response
Bankers Life and Casualty Company	3.125000%	WI	Pool
Devon SFS Operating Inc.	96.875000%	WI	JOA
Clarence L. North, Jr.	2.734375%	ORRI	
Will Holt and wife, Vina Holt	2.734375%	ORRI	
Meredith Jones	2.734375%	ORRI	
Jonell Jones	2.734375%	ORRI	
State of NM	0.12500000	RI	



VIA CERTIFIED MAIL RETURN RECEIPT  
ARTICLE # 7018 1830 0000 4084 2460

October 23, 2019

EOG Y Resources, Inc.  
5509 Champions Dr.  
Midland, TX 79706-2843

RE: **WELL PROPOSAL – Camacho State Com #204H**  
Section 26, T19S-R27E  
Eddy County, New Mexico

Dear Working Interest Owner,

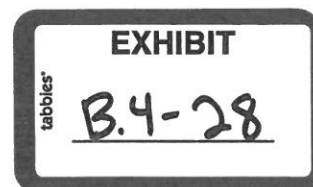
Apache Corporation (herein referred to as “Apache”) proposes to drill the following well located in the S/2S/2 of the referenced section in order to sufficiently and effectively test the 2<sup>nd</sup> Bone Spring formation. Further, the details and specifications of the herein proposed 2<sup>nd</sup> Bone Spring well are as follows:

Well Name:	Camacho State Com #204H
Approx. Surface Location:	SE/4 SE/4 (Unit P)- Section 26-19S-27E
Approx. Terminus:	SW/4 SW/4 (Unit M)- Section 26-19S-27E
Objective:	2 <sup>nd</sup> Bone Spring
Approx. Total Vertical Depth:	7,000'
Approx. Total Measured Depth:	12,880'
Dry Hole Costs:	\$2,438,000
Completed Well Costs:	\$2,135,900
Equipping Costs:	\$605,000
Total Well Costs:	\$5,178,900

Apache is proposing the Operations under the terms of a modified 1989 AAPL Model Form Operating Agreement (“JOA”) covering all of Section 26 with the following general provisions:

- 100%/300% Non-consenting penalty
- Drilling and Producing Rate of \$7,000/\$700
- Apache named as Operator

Enclosed, please find in duplicate our detailed AFE for your review. Should you wish to participate in Apache’s proposed test, please signify your acceptance by returning one (1) copy of the executed election ballot and (1) copy of the executed AFE, along with your well information requirement form. If you do not wish to participate in the proposed well, Apache is willing to discuss an acquisition of your interest, subject to final management approval and contingent on reaching mutually satisfactory terms. Please reach out to me at the email address below if you are interested in this option.



Should you have any further questions, please contact me at [blake.johnson@apachecorp.com](mailto:blake.johnson@apachecorp.com)

Sincerely,

A handwritten signature in black ink, appearing to read "B. Johnson", with a stylized flourish at the end.

Blake Johnson  
Landman  
Apache Corporation

\_\_\_\_\_ Elects to participate in the drilling and completion of the Camacho 26 State Com #204H

OR

\_\_\_\_\_ Does **NOT** elect to participate in the drilling and completion of the Camacho 26 State Com #204H

**By:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Company Name (if applicable):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_



Camacho 26 State Com 204H AFE					
Intangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
65506	Drilling/Percentage Overhead	\$7,000	\$0	\$0	\$7,000
70003	Bits Coreheads and Reamers	\$72,000	\$3,800	\$0	\$75,800
70004	Casing Crews	\$54,000	\$0	\$0	\$54,000
70006	Cement and Cementing Services	\$151,000	\$0	\$0	\$151,000
70007	Chemicals	\$0	\$152,900	\$0	\$152,900
70008	Communications	\$5,500	\$0	\$0	\$5,500
70011	Company Supervision	\$3,000	\$16,100	\$15,000	\$34,100
70012	Company Vehicle and/or Boat	\$1,000	\$1,000	\$0	\$2,000
70017	Contract Labor	\$45,000	\$0	\$80,000	\$125,000
70019	Contract Rigs - Daywork	\$409,000	\$100	\$30,000	\$439,100
70021	Contract Supervision	\$65,000	\$96,200	\$15,000	\$176,200
70022	Directional Drilling	\$126,000	\$0	\$0	\$126,000
70025	Drilling Fluids	\$167,000	\$0	\$0	\$167,000
70026	Electrical Contract	\$0	\$0	\$20,000	\$20,000
70031	Equipment Rental	\$129,000	\$91,400	\$15,000	\$235,400
70034	Formation and Well Stimulation	\$0	\$376,600	\$0	\$376,600
70035	Formation Testing	\$0	\$56,300	\$0	\$56,300
70037	Fuel	\$71,000	\$192,500	\$0	\$263,500
70046	Land and Site Reclamation	\$5,000	\$0	\$0	\$5,000
70047	Legal and Curative	\$20,000	\$0	\$0	\$20,000
70049	Logging	\$0	\$178,300	\$0	\$178,300
70054	LOE-Other	\$30,000	\$0	\$0	\$30,000
70064	Rig Mobilization	\$250,000	\$0	\$0	\$250,000
70065	Road and Site Preparation	\$150,000	\$19,300	\$0	\$169,300
70067	Salt Water Disposal	\$0	\$3,300	\$0	\$3,300
70069	Coiled Tubing	\$0	\$145,400	\$0	\$145,400
70074	Trucking and Hauling	\$30,000	\$0	\$25,000	\$55,000
70076	Tubular Inspection/Testing	\$30,000	\$0	\$0	\$30,000
70077	Water	\$45,000	\$232,300	\$0	\$277,300
70078	Wellsite Damages, Loss, Rightof- Way	\$20,000	\$0	\$0	\$20,000
70116	Containment Disposal Expense	\$115,000	\$0	\$0	\$115,000
70169	Camp Rentals	\$35,000	\$0	\$0	\$35,000
70186	Flowback Tester	\$0	\$29,200	\$37,000	\$66,200
70198	Sand/Proppant	\$0	\$375,300	\$0	\$375,300
70243	Mud Logging	\$15,000	\$0	\$0	\$15,000
70255	Drilling Operations Center	\$5,500	\$0	\$0	\$5,500
70285	Water Transfer	\$0	\$67,400	\$0	\$67,400
70286	Water Treatment	\$0	\$20,500	\$0	\$20,500
70289	Frac Plugs	\$0	\$31,000	\$0	\$31,000
70291	Frac Valve / Frac Tree	\$0	\$37,700	\$0	\$37,700
70529	Safety Case	\$2,000	\$0	\$0	\$2,000
Subtotal	Intangible Materials Cost	\$2,058,000	\$2,126,600	\$237,000	\$4,421,600
Tangible Development Costs					
Acct	Description	Dry Hole	Completion	Equipping	Total Well Cost
71001	Artificial Lift Equipment	\$0	\$0	\$30,000	\$30,000
71012	Flow Lines	\$0	\$0	\$200,000	\$200,000
71018	Instrumentation	\$0	\$0	\$0	\$0
71019	Intermediate Casing	\$80,000	\$0	\$0	\$80,000
71032	Other Subsurface Equipment	\$40,000	\$0	\$18,000	\$58,000
71034	Personnel Safety Systems	\$0	\$9,300	\$0	\$9,300
71036	Pipe, Valves, Fittings and Anodes	\$0	\$0	\$15,000	\$15,000
71040	Production Casing	\$200,000	\$0	\$0	\$200,000
71050	Surface Casing	\$15,000	\$0	\$0	\$15,000
71053	Tubing	\$0	\$0	\$70,000	\$70,000
71056	Wellhead Assembly	\$45,000	\$0	\$35,000	\$80,000
Subtotal	Tangible Materials Cost	\$380,000	\$9,300	\$368,000	\$757,300
	Description	Dry Hole	Completion	Equipping	Total Well Cost
	Subtotal Intangible Costs	\$2,058,000	\$2,126,600	\$237,000	\$4,421,600
	Subtotal Tangible Costs	\$380,000	\$9,300	\$368,000	\$757,300
	Grand Total	\$2,438,000	\$2,135,900	\$605,000	\$5,178,900
<b>Drilling</b>					
Drill a horizontal well to produce the 2nd Bone Spring Sand formation as follows: Preset 17-1/2" hole to 400' with spudder rig. Set 13-3/8" 48# H-40 casing and cement to surface. Drill a 12-1/4" hole to 3000'. Set 9-5/8" 40# J-55 casing and cement to surface. Drill an 8-3/4" depth of ~6800'. Drill an 8-3/4" curve at 12 DEG/100' and land at ~7600' MD, 7250' TVD. Drill a ~4900, 8-1/2" lateral section to TD of ~12400' MD, 7150' TVD. Set and cmt 5-1/2" 17# P-110 BTC/GB-CD casing string to 12400'. Estimated time is 4 days MIRU + 11 Days to Drill + 4 days TD-RR. Rig Rate = \$24K per day.					
<b>Completions</b>					
29 Stage P&P complete S100 ft. lateral @ 180 ft/stg 1500 #/ft. 0% RC 36 bbl/ft Water @ 1.1 \$/bbl.					
<b>Equipping</b>					

EXHIBIT

tabbles

B.5-28

This AFE will provide funds to equip and produce a horizontal well in the Palmillo development. The funds requested will be used to purchase and install production flowlines and gas injection line from wellhead to the battery and from the compressor discharge to the wellhead, headers for production flowlines and gas injection flowline for the pad, installation of artificial lift, flow back for two weeks, wellhead automation, and production tree. AFE will also include funds necessary to bury flowlines for future 3rd BS wells.				
<b>Notice to Nonoperators:</b> Cost shown on this form estimates only. Nonoperators should not consider these estimates as establishing any limit on monies which will be required to perform the proposed operation.				
Company	Working Interest	Approved By	Date	
Comments:				

## SUMMARY OF ATTEMPTED CONTACTS

- ▶ Apache sent well proposal letters on October 23, 2019
- ▶ Apache has contacted parties to see if they would participate in the well and/or execute a joint operating agreement
- ▶ Apache has conducted updated records searches and internet searches for contact information for parties it seeks to pool
- ▶ Apache continued to attempt to contact parties who had not executed an agreement
- ▶ Apache filed an application force pool parties who had not entered into an agreement
- ▶ Apache sent notices of force pooling application to the addresses of record
- ▶ Apache also published notice in a newspaper of general circulation in the country where the wells will be located

**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. 21025**

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

**CASE NO. 21026**

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

**CASE NO. 21027**

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

**CASE NO. 21028**

**AFFIDAVIT OF JUSTIN WAGNER**

STATE OF TEXAS                                 )  
  ) ss.  
COUNTY OF MIDLAND                         )

Justin Wagner, being duly sworn, deposes and states:

1. I am over the age of 18, I am a geologist for Apache Corporation ("Apache"), and have personal knowledge of the matters stated herein.
2. I have not been previously qualified before the Oil Conservation Division ("Division") as an expert in petroleum geology matters.
3. I attended Colorado School of Mines where I received a Bachelor of Science in Geological Engineering. I graduated in the fall of 2013.



4. I have worked as a geologist since December 2013. I have worked for Apache Corporation since December of 2013. My work for Apache has involved Lea and Eddy Counties. My current work for Apache involves Eddy County. My resume is immediately attached.

5. I conducted a geological study of the area that encompasses the horizontal spacing units that are the subject of Apache's applications in these cases and am familiar with the geological matters involved in these cases.

6. As part of my study, I have prepared the following geological exhibits with respect to the horizontal spacing units that are attached hereto:

- a. **Exhibit C.1** is a Gunbarrel/Lateral Trajectory Diagram. This diagram identifies the Camacho 26 development plan, which includes the **Camacho 26 State Com 201H to 204H** wells (*hereinafter* "Proposed Wells") that are located within the four Bone Spring horizontal spacing units that are the subject of these applications.
- b. **Exhibit C.2** is a Location Map identifying the Camacho 26 project area, in proximity to the Capitan Reef, and the cities of Artesia and Carlsbad.
- c. **Exhibit C.3** is a Cross-Section Locator Map. This map identifies the cross-section running from A-A' with the cross-section well names and a blue line in proximity to the Proposed Wells, which are identified by well name.
- d. **Exhibit C.4** is a Structure Map on the top of the 3<sup>rd</sup> Bone Spring Lime Formation. This map shows that the structure slightly dips down to the southeast. This map also shows the four Proposed Wells in Section 26.
- e. **Exhibit C.5** is a 2<sup>nd</sup> Bone Spring Sand Gross Interval Isochore Map. It shows that the gross thickness of the 2<sup>nd</sup> Bone Spring Sand interval ranges from 195' to 260 ft

and thickens to the south in Camacho 26. This map also shows the four Proposed Wells in Section 26.

f. **Exhibit C.6** is a Stratigraphic Cross Sections hung on the top of the 3<sup>rd</sup> Bone Spring Lime formation. The well logs on the cross-section give a representative sample of the 2<sup>nd</sup> Bone Spring Sand, 3<sup>rd</sup> Bone Spring Lime and 3<sup>rd</sup> Bone Spring Sand formations in the area. The target zone for the Proposed Wells is near the base of the 2<sup>nd</sup> Bone Spring Sand Formation, located just above the 3<sup>rd</sup> Bone Spring Lime Formation. That zone is consistent across the unit.

g. **Exhibit C.7** is a detailed view of the Target Zone within Stratigraphic Cross Section hung on the top of the 3<sup>rd</sup> Bone Spring Lime Formation. As stated, the target zone for the wells is the base of the 2<sup>nd</sup> Bone Spring Sand Formation and is identified by Top 2<sup>nd</sup> Bone Spring Sand Target and Base 2<sup>nd</sup> Bone Spring Sand Target. The target is also identified by the yellow highlighted area.

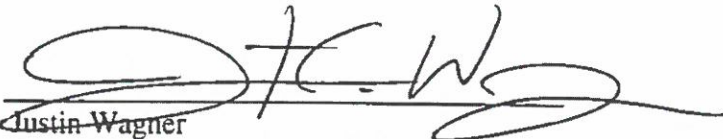
7. Based upon my study as illustrated in these exhibits, knowledge of the geology in this area, and education and training, it is my expert opinion that:

- a. The horizontal spacing units are justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter quarter section in the units will contribute more or less equally to production.

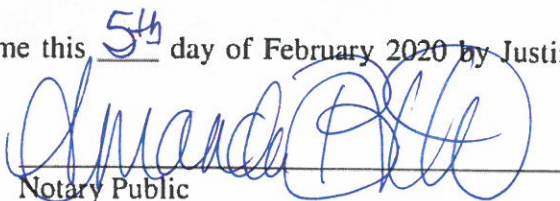
8. The preferred well orientation in this area is E-W. This is due to the fact that regional max horizontal stress orientation in this area is ranges from approximately N5W to N10E, as reported by Snee and Zoback (2018).

9. The producing interval for each of these wells will be orthodox and will comply with the Division's set back requirements.

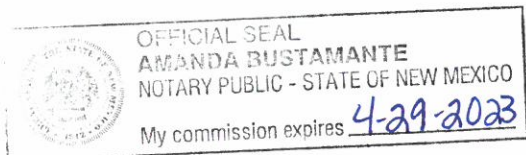
10. Pursuant to Rule 1-011 NMRA, I declare and affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct to the best of my knowledge and belief.

  
Justin Wagner

SUBSCRIBED AND SWORN to before me this 5<sup>th</sup> day of February 2020 by Justin Wagner

  
Notary Public

My commission expires: 4-29-2023





EDUCATION:

**Colorado School of Mines, Golden, CO**  
Major: B.S. Geological Engineering, Exploration

Date of Graduation: Dec 2013  
GPA: 3.47

*Awards and Honors:*

- Presidents Academic Honor Roll

**Oklahoma State University, Stillwater, OK**  
Major: B.S. in Zoology

Date Graduated: Fall 2008  
GPA: 3.21

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WORK EXPERIENCE:

**Apache Corporation – Permian Region**  
**Geologist**

Dec 2013 – Present

TEAM PROJECT EXPERIENCE:

**North West Shelf and Slope – Eddy Co, NM**

- Planned & Geosteered horizontal Yeso and Bone Spring wells. Worked closely with Geophysics in order to maximize in zone horizontal wellbore placement. Completed horizontal wellbore landing zone study – analyzed synthetic log data of high porosity vs bed bounded fractured zone. The study resulted in changing landing zones of a high profile developmental phase project (significant increase in IP-90 and EUR).
- Mapped out detailed stratigraphic picks tied to seismic onlap of reservoir. Isopach mapping tied to the reservoir pinchout created an important play boundary for step-out locations in developing area.

**Central Basin Platform – Lea Co, NM**

*Eunice – Blinbry, Tubb, Drinkard*

- Geologist for 3 Waterflood Units. Created a geocellular model using Petrel Software. Integrated Petrophysical data to upscale and model pay trends. The model was then used to provide Reservoir Engineering with HCPV/OOIP values for pattern RF analysis.
- Created Multiple SW models, through upscaling techniques and Lucia Rock Fabric trends in order to cover P10-P90 ranges.

*Monument – Grayburg, San Andres*

- Geologist for mature field under secondary recovery. Provided a geocellular model that showed potential for a large scale down-spacing/infill drilling project.

**Delaware Basin – Eddy Co, NM**

- Asset Geologist for horizontal drilling program in northern Delaware basin. Mapped Bone Spring through Wolfcamp sections across Eddy and parts of Lea Co. Utilized petrophysical workflow along with competitor activity to delineate landing zone(s) for each prospective interval. Provided geologic evaluation to assist reservoir engineers with multi-variate analysis of landing zones with offset competitor wells.

• TECHNICAL SKILLS & SOFTWARE:

- Structure/Isopach/Net Pay/Net Reservoir Mapping, Petrel 3D Geo-Cellular Modeling for Petrophysical Properties and OOIP Values, Waterflood Pattern Analysis, Horizontal Well Planning, Geosteering Horizontal Wells, Creating Staking Requests and Geoprops, Hazard Mapping, Basic Understanding of Seismic Data (Mapping, P-Impedance/Inversion Data). Ability to Work in Interdisciplinary Teams with Geophysicists and Petroleum Engineers.
- Petra, Petrel, Interactive Petrophysics, Microsoft Word-Excel-PowerPoint



# GUN BARREL INTERSECTION LINE: B – B'

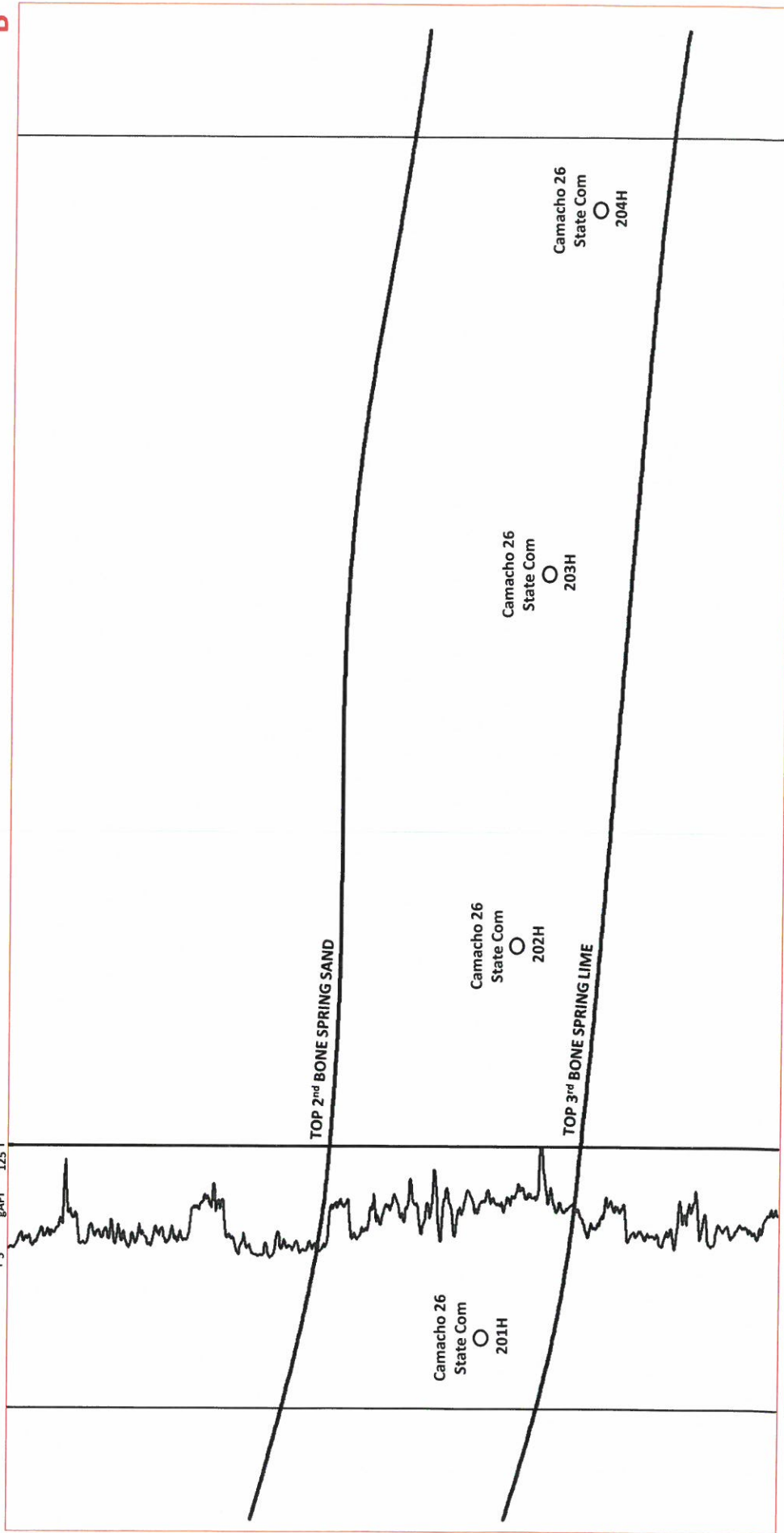
30015270490000  
Angel Ranch '26' State 1



5 GR  
125 gAPI

B

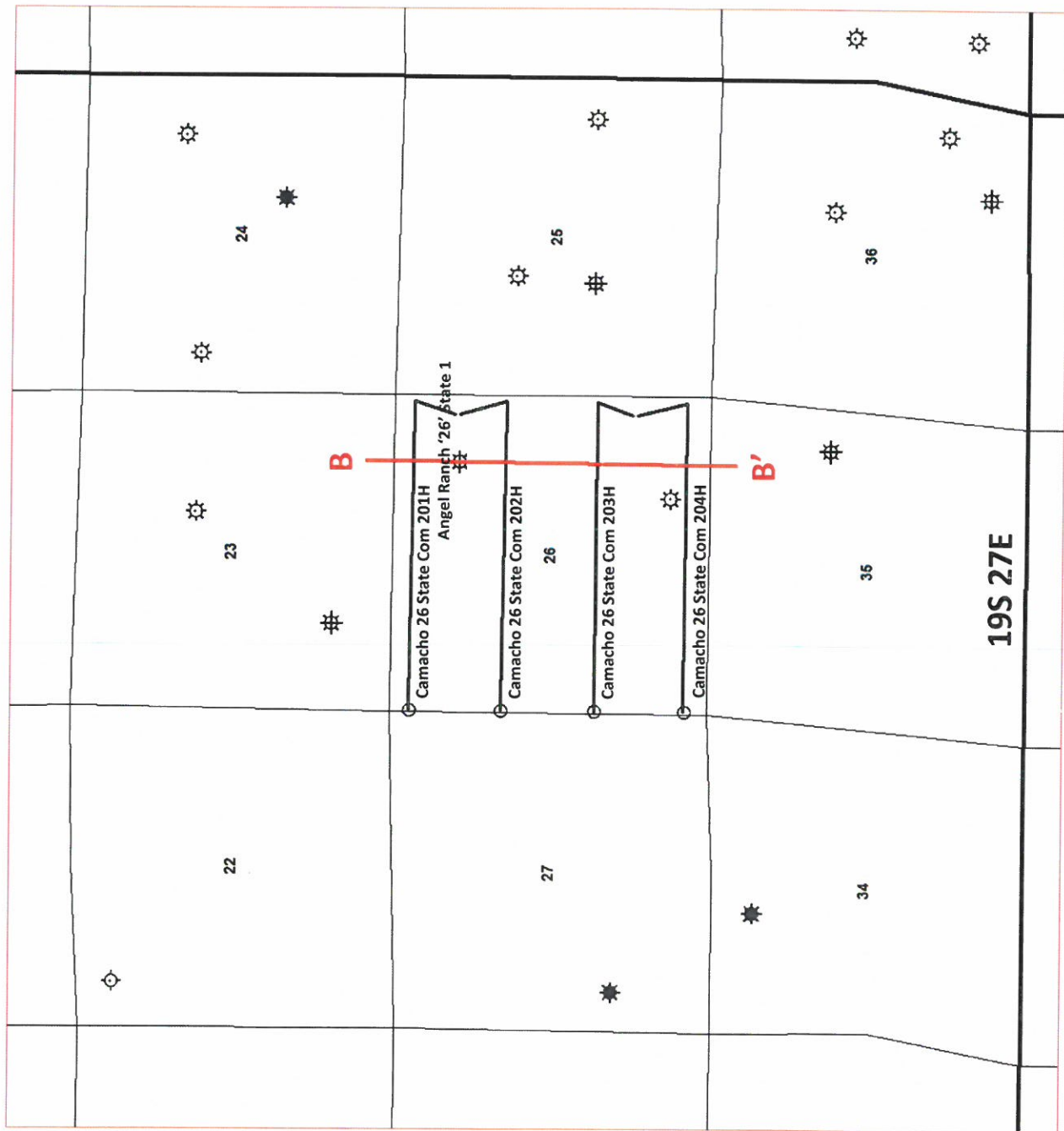
B'



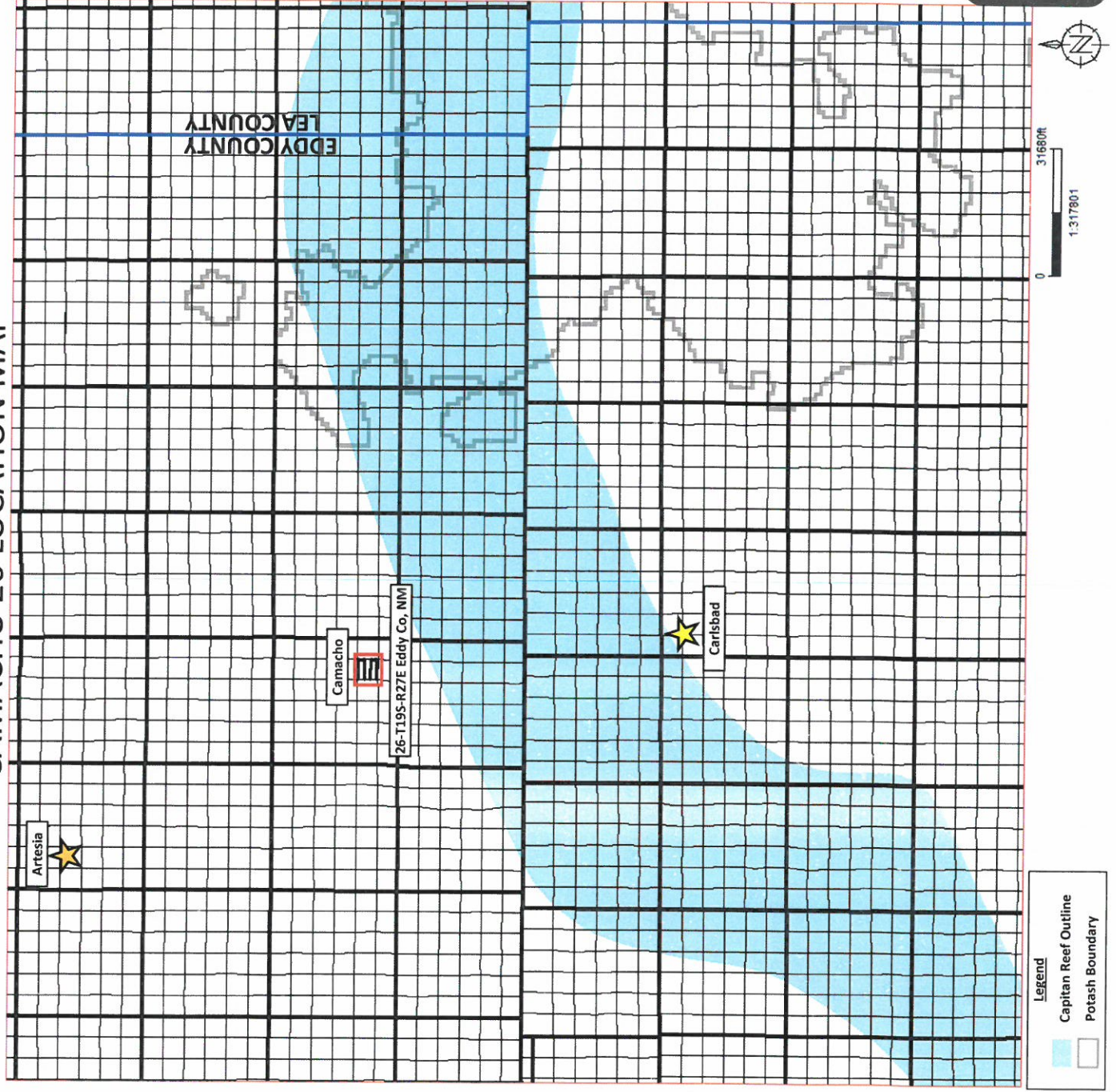
Section 26  
1 Mile



# GUN BARREL INTERSECTION MAP: B – B'



# CAMACHO 26 LOCATION MAP

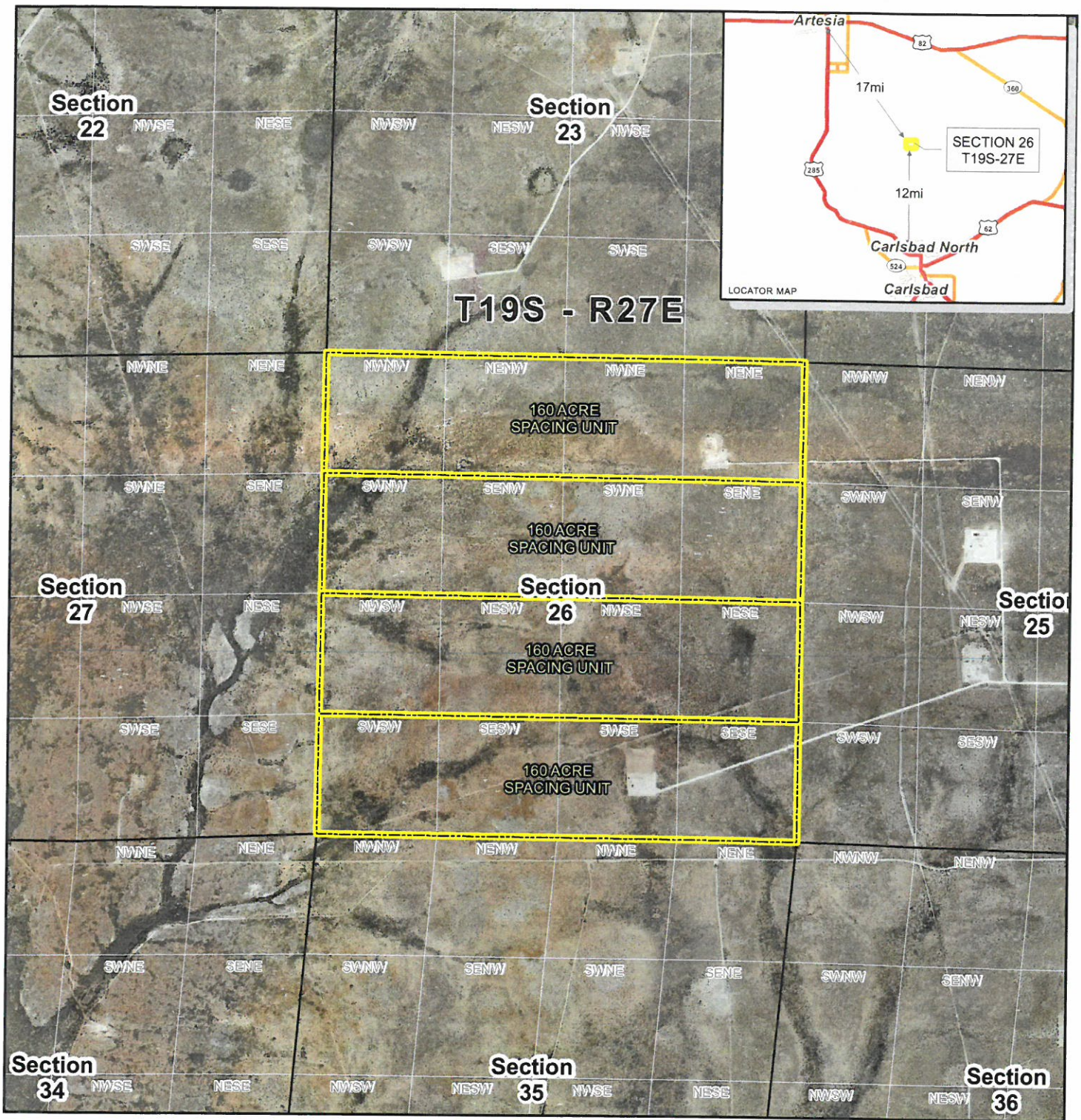


EXHIBIT

C.2

Tables





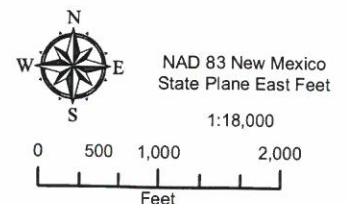
TOWNSHIP 19S, RANGE 27E, N.M.P.M.

CAMACHO 26 DEVELOPMENT  
EDDY COUNTY, NEW MEXICO

**Apache**

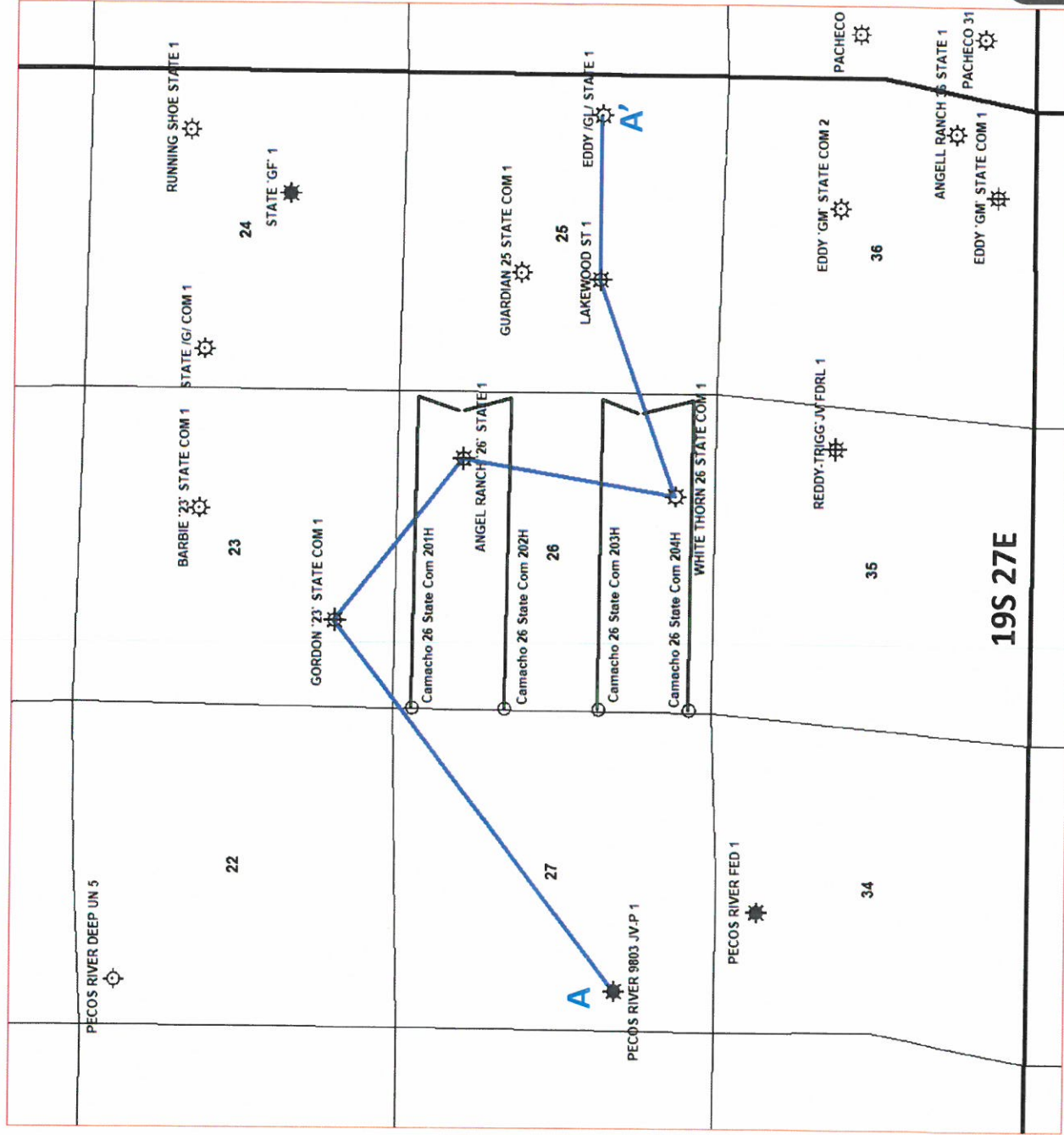
# Legend

160 ACRE SPACING UNIT





# CROSS-SECTION MAP: A – A'

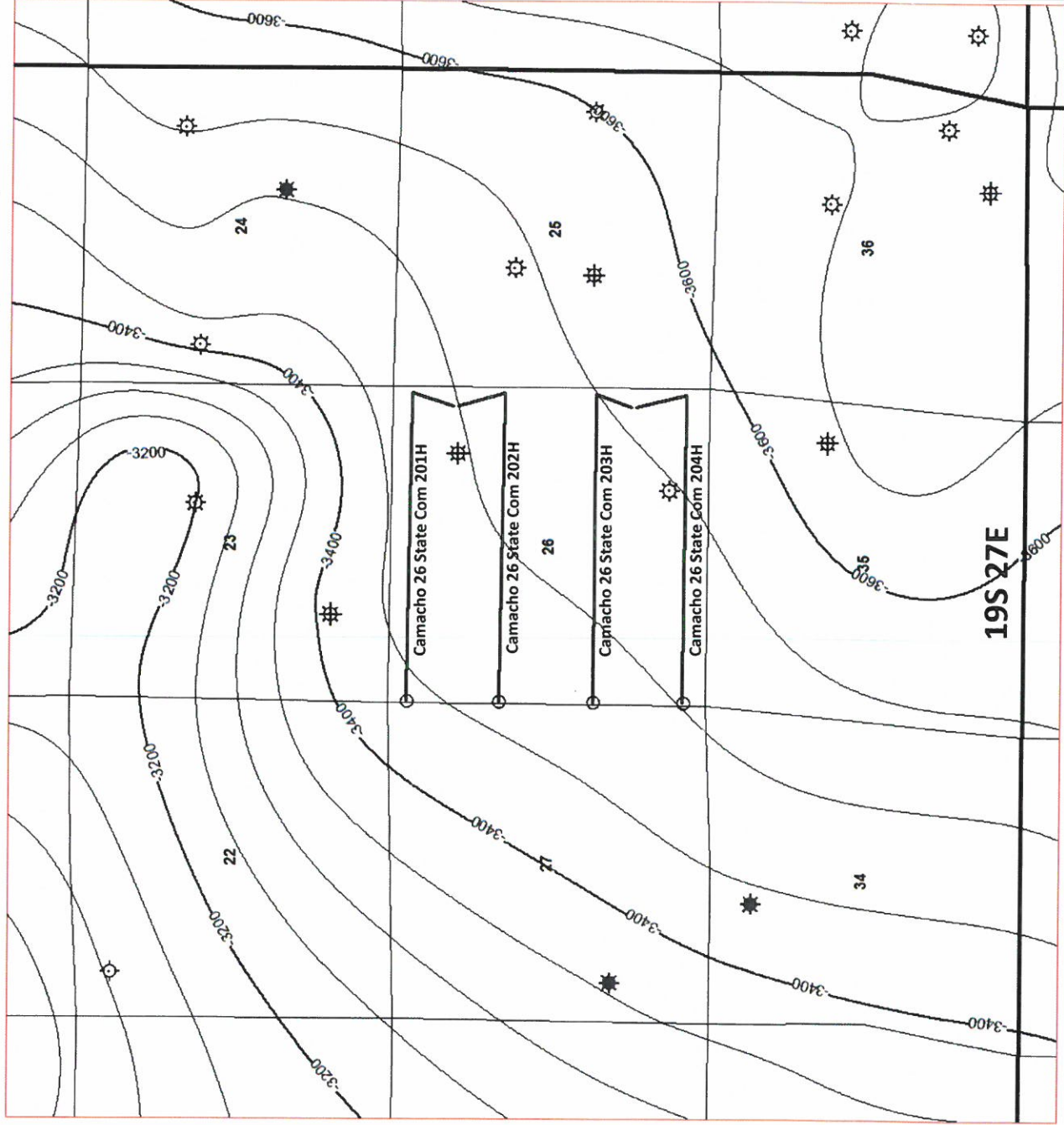


1:21839

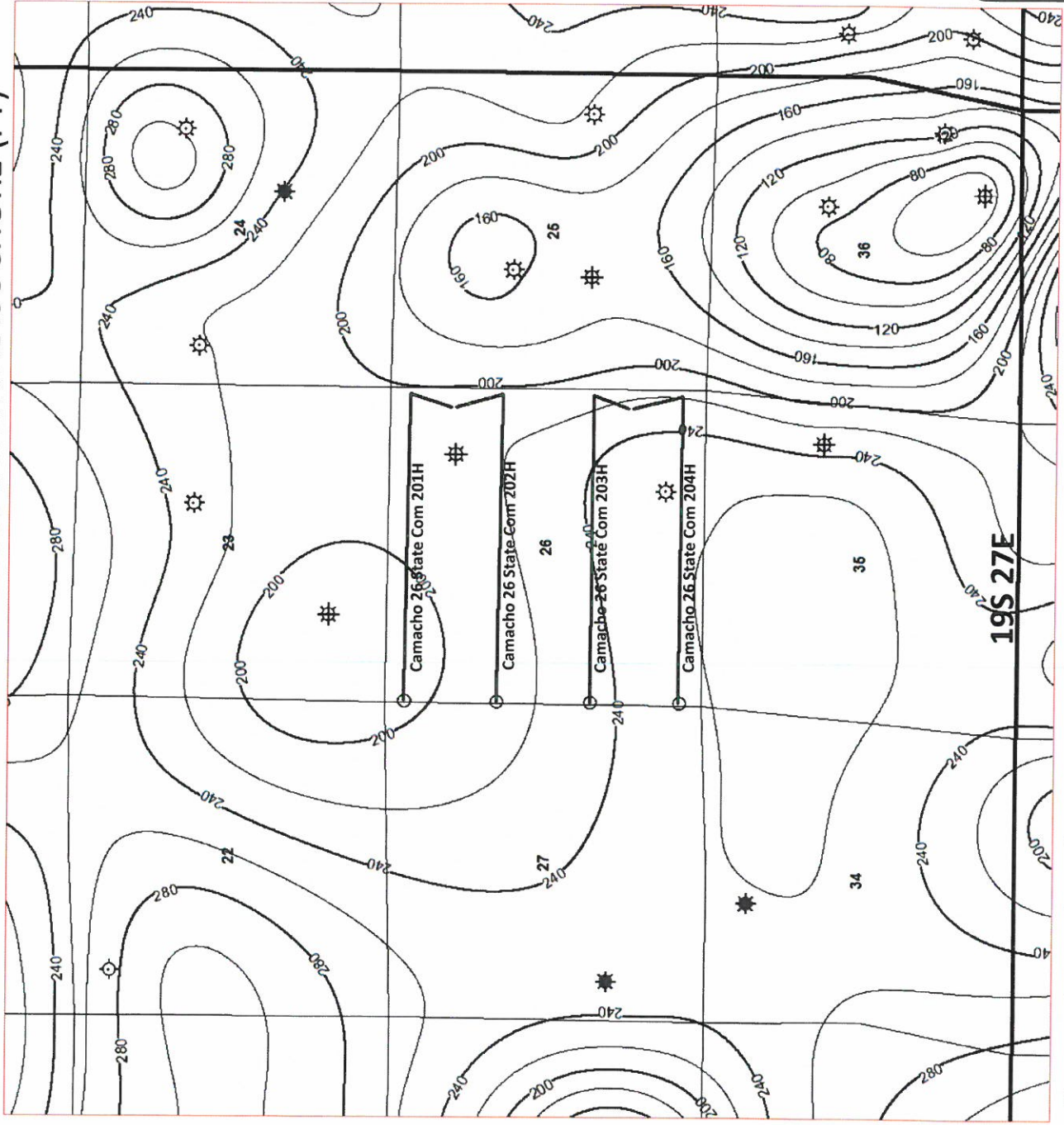
EXHIBIT  
C.3

Tables

# TOP 3<sup>rd</sup> BONE SPRING LIME STRUCTURE (SSTVD)



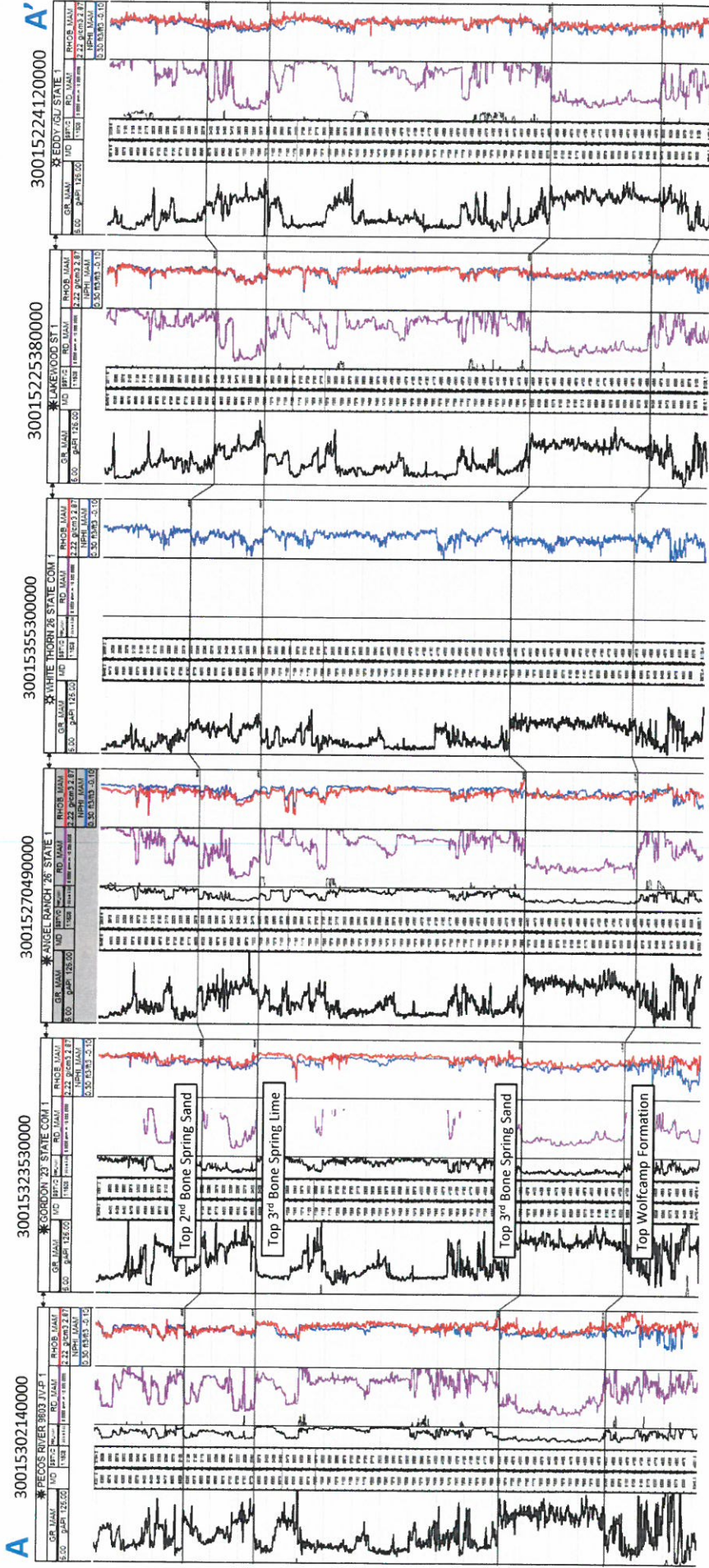
# 2nd BONE SPRING SAND GROSS INTERVAL ISOCHORE (FT)



Contour Interval = 20'



# STRATIGRAPHIC CROSS-SECTION: A – A'

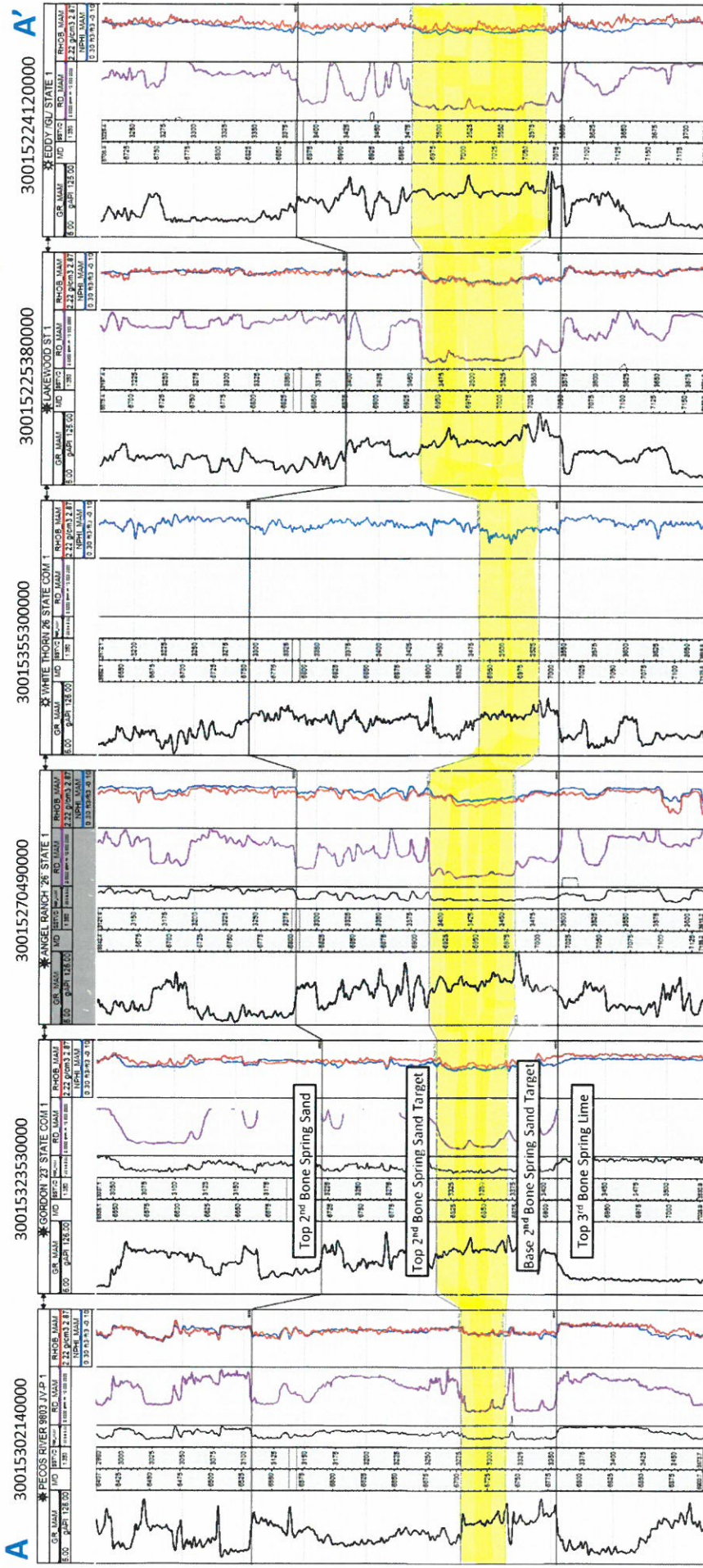


DATUM = TOP 3<sup>RD</sup> BONE SPRING LIME





# STRATIGRAPHIC CROSS-SECTION: A - A'



DATUM = TOP 3RD BONE SPRING LIME  
2nd BONE SPRING SAND TARGET HIGHLIGHTED



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

**APPLICATION OF APACHE CORPORATION  
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**CASE NO. 21027**

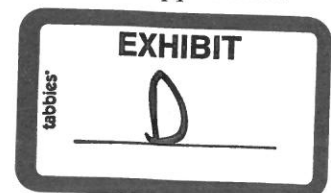
**APPLICATION OF APACHE CORPORATION  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21028**

**AFFIDAVIT**

STATE OF NEW MEXICO            )  
  )ss.  
COUNTY OF BERNALILLO        )

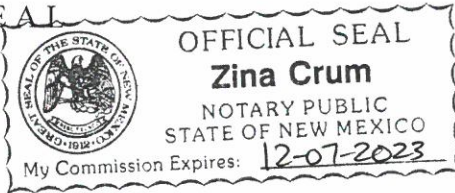
Lance D. Hough, attorney in fact and authorized representative of Apache Corporation ("Apache"), the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications were provided under notices of hearing to parties entitled to notice; and that the following are attached hereto: a sample of said notice of hearing, a mailing list for notice of hearing, proof of mailed notice of hearing, and proof of published notice of hearing. As noted in the Affidavit of Blake Johnson, Apache has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the application filed herein.

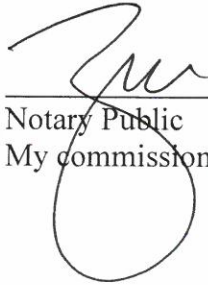


  
Lance D. Hough

SUBSCRIBED AND SWORN to before me this 5<sup>th</sup> day of February 2020 by Lance D. Hough.

SEAL



  
Notary Public

My commission expires: 12-07-2023



January 16, 2020

Lance D. Hough  
Tel: 505.848.1826  
Fax: 505.848.9710  
Lance.Hough@modrall.com

**VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TO: AFFECTED PARTIES

This letter is to advise you that Apache Corporation has filed the enclosed applications with the New Mexico Oil Conservation Division:

**Case No. 21025: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 201H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

**Case No. 21026: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 202H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk

Modrall Sperling  
Roehl Harris & Sisk P.A.  
  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102  
  
PO Box 2168  
Albuquerque,  
New Mexico 87103-2168  
  
Tel: 505.848.1800  
www.modrall.com





AFFECTED PARTIES

Apache / Camacho 26 State Com 201H – 204H

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involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

**Case No. 21027: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 203H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

**Case No. 21028: Application of Apache Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Camacho 26 State Com 204H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

These applications have been set for hearing before a Division Examiner at **8:15 a.m. on February 6, 2020**. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by these applications, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the applications. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

AFFECTED PARTIES

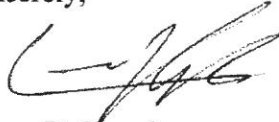
Apache / Camacho 26 State Com 201H – 204H

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You are further notified that if you desire to appear in these cases, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Hough', with a stylized flourish at the end.

Lance D. Hough  
*Attorney for Applicant*

EED/ldh/W3634499.DOCX

Enclosures: as stated

Zina Crum  
Modrall Sperling,  
500 4th Street NW  
Suite 1000  
Albuquerque NM 87102

PS Form 3877

Type of Mailing: CERTIFIED MAIL  
01/16/2020

Firm Mailing Book ID: 182804

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0067 7518 64	Oxy USA WTP L 5 Greenway Plaza, Suite 110 Houston TX 77046	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
2	9314 8699 0430 0067 7518 71	Virginia M. Grady 122 Palmers Hill Rd. Unit 3334 Stamford CT 06902	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
3	9314 8699 0430 0067 7518 88	Yates Brothers Partnership P.O. Box 1394 Artesia NM 88211	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
4	9314 8699 0430 0067 7518 95	Marathon Oil Company 5555 San Felipe Street Houston TX 77056	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
5	9314 8699 0430 0067 7519 01	Bankers Life and Casualty Company 111 East Wacker Drive, Suite 2100 Chicago IL 60601	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
6	9314 8699 0430 0067 7519 18	COG Operating LLC 600 W. Illinois Ave. Midland TX 79701	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
7	9314 8699 0430 0067 7519 25	Concho Oil and Gas, LLC 600 W. Illinois Ave. Midland TX 79701	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
8	9314 8699 0430 0067 7519 32	Devon Energy Production Co. LP 333 West Sheridan Ave. Oklahoma City OK 73102	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
9	9314 8699 0430 0067 7519 49	EOG Y Resources, Inc. 5509 Champions Dr. Midland TX 79706	\$1.15	\$3.55	\$1.60	\$0.00	13454.0169 Camacho Notice
<b>Totals:</b>			<b>\$10.35</b>	<b>\$31.95</b>	<b>\$14.40</b>	<b>\$0.00</b>	
			<b>Grand Total:</b>				<b>\$56.70</b>



List Number of Pieces Listed by Sender: \_\_\_\_\_ Total Number of Pieces Received at Post Office: \_\_\_\_\_ Postmaster: \_\_\_\_\_ Name of receiving employee: \_\_\_\_\_ Dated: \_\_\_\_\_



Transaction Report Details - CertifiedPro.net  
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USPS Article Number	Date Created	Name 1	Address1	City	State	Zip	Mailing Status	Service Options	Mail Delivery Date
9314869904300067751949	2020-01-16 1:37 PM	EOG Y Resources, Inc.	5509 Champions Dr.	Midland	TX	79706	Delivered	Return Receipt - Electronic, Certified Mail	01-21-2020
9314869904300067751932	2020-01-16 1:37 PM	Devon Energy Production Co. LP	333 West Sheridan Ave.	Oklaoma City	OK	73102	Delivered	Return Receipt - Electronic, Certified Mail	01-21-2020
9314869904300067751925	2020-01-16 1:37 PM	Concho Oil and Gas, LLC	600 W. Illinois Ave.	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	01-21-2020
9314869904300067751918	2020-01-16 1:37 PM	COG Operating LLC	600 W. Illinois Ave.	Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail	01-21-2020
9314869904300067751901	2020-01-16 1:37 PM	Bankers Life and Casualty Company	111 East Wacker Drive, Suite 2100	Chicago	IL	60601	Delivered	Return Receipt - Electronic, Certified Mail	01-23-2020
9314869904300067751895	2020-01-16 1:37 PM	Marathon Oil Company	5555 San Felipe Street	Houston	TX	77056	Undelivered	Return Receipt - Electronic, Certified Mail	01-21-2020
9314869904300067751888	2020-01-16 1:37 PM	Yates Brothers Partnership	P.O. Box 1394	Artesia	NM	88211	Delivered	Return Receipt - Electronic, Certified Mail	01-21-2020
9314869904300067751871	2020-01-16 1:37 PM	Virginia M. Grady	122 Palmers Hill Rd. Unit 3334	Stamford	CT	06902	Undelivered	Return Receipt - Electronic, Certified Mail	01-21-2020
9314869904300067751864	2020-01-16 1:37 PM	Oxy USA WTP L	5 Greenway Plaza, Suite 110	Houston	TX	77046	Delivered	Return Receipt - Electronic, Certified Mail	01-21-2020





# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004011249

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**MODRALL SPERLING**

POBOX 2168

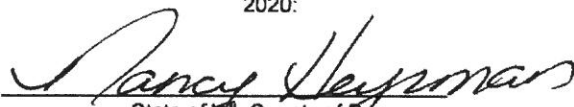
**ALBUQUERQUE, NM 87103**

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

**January 22, 2020**

  
Legal Clerk

Subscribed and sworn before me this January 22,  
2020:

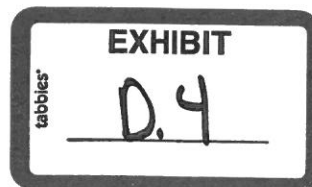
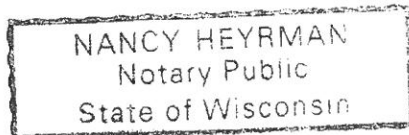
  
State of WI, County of Brown  
NOTARY PUBLIC  
5.15.23  
My commission expires

Ad # 0004011249

PO #:

# of Affidavits 1

**This is not an invoice**



Text of Ad: 01/17/2020

CASE NO. 21025: Notice to all affected parties, as well as their heirs and devisees, of Oxy USA, WTP L, Virginia M. Grady, Yates Brothers Partnership, Marathon Oil Company, Bankers Life and Casualty Company, COG Operating LLC, Concho Oil and Gas, LLC, Devon Energy Production Co, LP, EOG Y Resources, Inc., Leo Momsen III, Margaret Momsen, Frances M. Cunningham, Clarence L. North, Will Holt and Vina Holt, Meredith Jones, and Jonell Jones of Apache Corporation's Application for compulsory pooling, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on February 6, 2020 to consider this application. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Camacho 26 State Com 201H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

CASE NO. 21026: Notice to all affected parties, as well as their heirs and devisees, of Oxy USA, WTP L, Virginia M. Grady, Yates Brothers Partnership, Marathon Oil Company, Bankers Life and Casualty Company, COG Operating LLC, Concho Oil and Gas, LLC, Devon Energy Production Co, LP, EOG Y Resources, Inc., Leo Momsen III, Margaret Momsen, Frances M. Cunningham, Clarence L. North, Will Holt and Vina Holt, Meredith Jones, and Jonell Jones of Apache Corporation's Application for compulsory pooling, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on February 6, 2020 to consider this application. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Camacho 26 State Com 202H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

CASE NO. 21027: Notice to all affected parties, as well as their heirs and devisees, of Oxy USA, WTP L, Virginia M. Grady, Yates Brothers Partnership, Marathon Oil Company, Bankers Life and Casualty Company, COG Operating LLC, Concho Oil and Gas, LLC, Devon Energy Production Co, LP, EOG Y Resources, Inc., Leo Momsen III, Margaret Momsen, Frances M. Cunningham, Clarence L. North, Will Holt and Vina Holt, Meredith Jones, and Jonell Jones of Apache Corporation's Application for compulsory pooling, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on February 6, 2020 to consider this application. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Camacho 26 State Com 203H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

CASE NO. 21028: Notice to all affected parties, as well as their heirs and devisees, of Oxy USA, WTP L, Virginia M. Grady, Yates Brothers Partnership, Marathon Oil Company, Bankers Life and Casualty Company, COG Operating LLC,

Concho Oil and Gas, LLC, Devon Energy Production Co, LP, EOG Y Resources, Inc., Leo Momsen III, Margaret Momsen, Frances M. Cunningham, Clarence L. North, Will Holt and Vina Holt, Meredith Jones, and Jonell Jones of Apache Corporation's Application for compulsory pooling, Eddy County, New Mexico. The State of New Mexico through its Oil Conservation Division, hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on February 6, 2020 to consider this application. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 S/2 of Section 26, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the Camacho 26 State Com 204H well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling, completing and equipping said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 15.5 miles southeast of Artesia, New Mexico.

Pub: January 22, 2020 #4011249