

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

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April 16, 2013

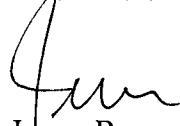
Case 14986

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Apache Corporation, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the May 16, 2013 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Apache Corporation

PERSONS NOTIFIED OF APPLICATION

- *C. S. Daley
- *The Heirs or Devisees of J. Kenneth Fasken, Deceased
- *The Heirs of Devisees of Harry Levy, Deceased
- *Beverly B. Nelson
- *Joseph Nelson
- *Gertrude Soper
- *Bernice Wade
- *John Lutrell
- *Libby Linn Underwood Moorish
- *Robert Joe Reichert
- *Pat Farris
- *Cheryl Menz
- *Douglas Menz
- *The Colorado Corporation

Audrey M. Baker
c/o Michel E. Curry, Trustee
P.O. Box 1263
Midland, TX 79702

TLW Investments Inc.
6200 N. Western Ave.
Oklahoma City, OK 73118-1046

The Salient Zarvona Energy
1010 Lamar, Ste 500
Houston, TX 77002

Overton Energy Investment VI, LLC
4265 San Felipe, Ste 1040
Houston, TX 77027

*Indicates Interest Owners that cannot be located or are in suspense due to invalid address.

PROPOSED ADVERTISEMENT

Case No. 14986: Application of Apache Corporation for an unorthodox oil well location and compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying Lot 4 (the NW/4NW/4) of Section 2, Township 20 South, Range 38 East, NMPM, to form a standard 39.73-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the House-Blinbry Pool, House-Tubb Pool, and House-Drinkard Pool. The unit will be dedicated to the White Owl Well No. 2, to be drilled at an unorthodox oil well location 475 feet from the north line and 1075 feet from the west line of Section 2. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 2 miles southwest of Nadine, New Mexico.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF APACHE CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION
AND COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

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Case No. 14986

APPLICATION

Apache Corporation applies for an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying Lot 4 (the NW $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 2, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and approving an unorthodox oil well location, and in support thereof, states:

1. Applicant is an interest owner in Lot 4 of Section 2, and has the right to drill a well thereon.
2. Applicant proposes to drill its White Owl Well No. 2, and seeks to dedicate Lot 4 of Section 2 to the well to form a standard 39.73 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the House-Blinebry Pool, House-Tubb Pool, and House-Drinkard Pool. The well will be drilled at an unorthodox oil well location 475 feet from the north line and 1075 feet from the west line of Section 2
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Lot 4 of Section 2 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

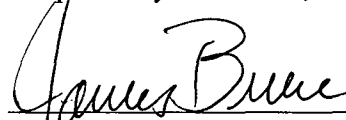
Therefore, applicant seeks an order pooling all mineral interest owners in Lot 4 of Section 2, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying Lot 4 of Section 2, and approving the unorthodox oil well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in Lot 4 of Section 2, from the surface to the base of the Drinkard formation;
- B. Approving the unorthodox oil well location;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- 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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Apache Corporation