

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

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APPLICATION OF APACHE CORP.
FOR A NON-STANDARD
SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 15829

APPLICATION

Apache Corp. ("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: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. 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 W/2 W/2 of Section 27 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").
3. Apache plans to drill the **Black and Tan 27 Fed. Com 301H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location 220 feet from the South line, 670 feet from the West line of Section 27, Township 20 South,

Range 34 East, and a terminus 280 feet from the North line, 380 feet from the West line of Section 27, Township 20 South, Range 34 East.

4. This well is within the Lea; Bone Spring South pool (Pool Code 37580), which is subject to the statewide rules. The producing interval that Apache seeks to drill will comply with the 330 foot setback requirements established under the rules.

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

6. Approval of the non-standard unit and the pooling of all interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. Notice of this application is being given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, Apache Corp. requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 28, 2017, and after notice and hearing as required by law, the Division enter its order:

A. Creating a non-standard oil spacing and proration unit ("project area") in the Bone Spring formation comprised of W/2 W/2 of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;

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

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

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,

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

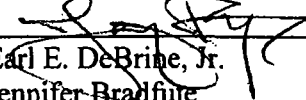
By: 
Earl E. DeBrine, Jr.
Jennifer Bradfute
Post Office Box 2168
Bank of America Centre
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

EXHIBIT A

APACHE CORP. NOTICE LIST

Parties to be pooled:

Chevron USA, Inc.
Attn: Permitting Team
6301 Deauville Blvd.
Midland, TX 79706

Darin Boyd
77 Van Ness Ave., Suite 101
PMB #1204
San Francisco, CA 94102

Marathon Oil
5555 San Felipe St.
Houston, TX 77056

Offsets:

COG Operating LLC
One Concho Center
600 W. Illinois Ave.
Midland, TX 79701

Fasken Oil & Ranch Ltd.
6101 Holiday Hill Rd.
Midland, TX 79707

Cimarex Energy Co.
600 N. Marienfeld St. #600
Midland, TX 79701

ZPZ Delaware I LLC
Attn: Regional Land Manager
303 Veterans Airpark Lane
Midland, Texas 79705

Chevron USA, Inc.
Attn: Permitting Team
6301 Deauville Blvd.
Midland, TX 79706

Harvard Energy Partners, LP
200 E 2nd Street
Roswell, New Mexico 88201

Harvard Petroleum Company, LLC
200 E 2nd Street
Roswell, New Mexico 88201

Marathon Oil Permian LLC
5555 San Felipe St.
Houston, Texas 77056

Darin Boyd
77 Van Ness Ave., Suite 101
PMB #1204
San Francisco, CA 94102

Steven Engwall
2707 Duval Drive
Dallas, Texas 75211

Larry Engwall
1961 La Cuesta Drive
North Tustin California 92705

CASE NO. _____: **Application of Apache Corp. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Black and Tan 27 Fed. Com 301H well**, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing 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 24 miles northwest of Eunice, New Mexico.

CASE NO. 15829: Application of Apache Corp. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Black and Tan 27 Fed. Com 301H well**, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing 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 24 miles northwest of Eunice, New Mexico.

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