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August 19, 2008

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 September 18, 2008 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Apache Corporation

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Case 14183

PERSONS NOTIFIED OF APPLICATION

Unleased Mineral Interest Ownership in the Magnolia #2		
Name & Address	Interest	Net Acres
Robert Groves Howard, Jr. and Pamela K. Howard 3813 W Trevino Rd Hobbs, NM 88240-9276	3/256	0.46875
Thelma Marie Carlin 312 Walnut Ruidoso, NM 88345 Said she wants to execute lease, but she will not return phone calls.	3/256	0.46875
Sarah Elizabeth Carlin 3956 Buffalo Avenue Broomfield, CO 80020 Coming home from Iraq Aug. 22nd and will execute lease	3/256	0.46875
Bill Warrick Address Unknown	5/3200	0.0625
Overload Ltd P.O. Box 148 Las Cruces, NM 88001	1/384	0.104166667
Ethel Cooper Address Unknown	1/224	0.178571429
Clarence A. Crook Address Unknown	1/224	0.178571429
Lloyd A. Crook Address Unknown	1/224	0.178571429
Ollie Mae Robinson Address Unknown	1/224	0.178571429
Willis R. Crook Address Unknown	1/224	0.178571429
Bruce Olin Crook Address Unknown	1/224	0.178571429
Fred D. Crook Address Unknown	1/224	0.178571429
Total Unleased		2.822916667

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14183

APPLICATION

Apache Corporation applies for an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:


1. Applicant is an interest owner in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11, and has the right to drill a well thereon.
2. Applicant proposes to drill its Magnolia Well No. 2, at an orthodox oil well location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11, and seeks to dedicate the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11 to the well to form a standard 40 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 and House-Tubb Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11 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 the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11 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 the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11, from the surface to the base of the Drinkard formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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

PROPOSED ADVERTISEMENT

Case No. 14183: **Application of Apache Corporation for 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 the NW/4NW/4 of Section 11, Township 20 South, Range 38 East, NMPM, to form a standard 40-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 and House-Tubb Pool. The unit will be dedicated to the Magnolia Well No. 2, to be drilled at an orthodox oil well location in the NW/4NW/4 of Section 11. 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 south of Nadine, New Mexico.