

State "C" Tract 12 #18

2-21-05 DATE IN	3-14-05 SUSPENSE	ENGINEER <i>MES</i>	LOGGED IN <i>ms</i>	TYPE <i>NSL</i>	PME50- APP NO. 508151377
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or
- [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
Print or Type Name

Signature

Attorney for Applicant

2/20/05
Date

jamesbruc@aol.com
e-mail Address

JAMES BRUCE
ATTORNEY AT LAW

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February 21, 2005

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

*Mike - I couldn't
locate the prior
order. Jim*

Re: Request to Amend Division Administrative Order NSL-____
to include the San Andres formation

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Apache Corporation applies for administrative approval of an unorthodox oil well location in the San Andres formation for the following well:

<u>Well:</u>	State C Tract 12 Well No. 18 (API No. 30-025- 36614)
<u>Location:</u>	2590 feet FNL & 1270 feet FWL
<u>Well Unit:</u>	SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 16, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico

The well was originally drilled to and completed in the Grayburg formation (Penrose Skelly (Grayburg) Pool). The Grayburg unorthodox location was approved by NSL-_____.

The well is in the East Hare-San Andres (Oil) Pool,¹ which is developed on statewide rules, with 40 acre spacing and wells to be located no closer than 330 feet to a quarter-quarter section line.

The application is based on several reasons: (1) the well was drilled to the Grayburg, with a "tail" in the San Andres formation, and thus testing the San Andres will be very economical; and (2) applicant's other San Andres wells in this township indicate that there are San Andres reserves underlying this lease. A complete

¹ See Division Order No. R-12190.

discussion, with appropriate exhibits, is attached as Exhibit A.

Applicant has an ongoing program to drill infill Grayburg (and other) wells in this township, and the San Andres, which lies immediately below the Grayburg, can be accessed at a low cost. In some cases it may not be economically feasible to drill a stand alone San Andres well, and completing the wells in both zones makes the wells more economical and extends their lives, thus preventing waste and protecting correlative rights.

Attached as Exhibit B is a land plat, highlighting the proposed well's location. The operating rights owners in the lease on which the well is located, and in the offsetting lease, are as follows:


State Lease B-85-16 (State C Tract 12 Lease)
Apache Corporation

State Lease B-1557-1 (State DA Lease)
Apache Corporation

For purposes of allocation of production, the Commissioner of Public Lands previously approved a communitization agreement covering the S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 16, which was submitted with the original application. The communitization agreement is being amended to include the San Andres formation, and the amendment will be submitted separately. **Please note that the distribution of proceeds of production from the San Andres formation will be the same as that in the Grayburg formation.** The agreement is for purposes of allocation of production, and is not meant to change the 40 acre proration unit dedicated to the well. Because all interest owners have approved this application and the communitization agreement, notice has not be given to anyone.

Please call me if you need any further information on this matter.

Very truly yours,


James Bruce

Attorney for Apache Corporation

Application of Apache Corporation for administrative
approval of an unorthodox well location:

40 acres – 2590' FNL & 1270' FWL
Section 16, Township 21 South, Range 37 East, NMPM
Lea County, New Mexico

PRIMARY OBJECTIVE: SAN ANDRES

In support:

1. Apache Corporation (Apache) is the operator of the proposed **State C Tract 12 #18** well. The total depth drilled is 4350' in the San Andres formation. The well is currently perforated in and productive from the Grayburg.
2. The well was drilled in the Penrose Skelly; Grayburg Oil Pool with a "tail" into the San Andres Formation. Administrative Order NSL-4831-A was issued for the Grayburg reservoir. Order R-12190 now extends the East Hare San Andres Oil Pool over this location. The location encroaches toward no currently productive San Andres well (**Exhibit 1**).
3. The **State C Tract 12 #18** unorthodox San Andres location of 2590' from north line and 1270' from west line is based on wellbore availability.
 - a) **Exhibit 2** (San Andres Net Pay) illustrates that sufficient reservoir is present to contain and produce commercial amounts of hydrocarbons.
 - b) Oil production from the San Andres is newly established in the immediate area. Drilling a separate well for these reserves is not economically prudent.
 - c) Volumetrics and reserves for the **State C Tract 12 #18** are:

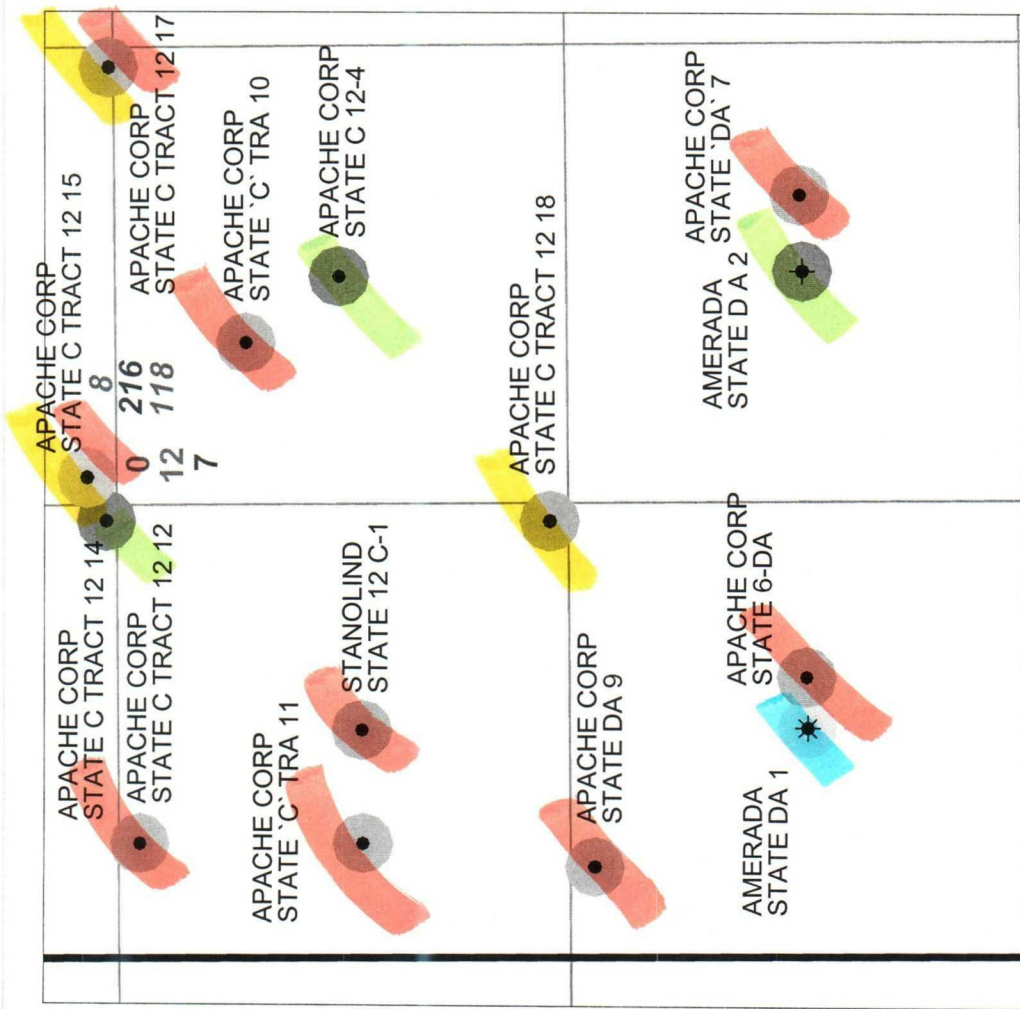
WELL	LOC	AREA A	EUR MBO	EUR MMCFG
State C Tract 12 #18	16-D	40	27	1300

4. Notice

- a. a. Apache will be the operator of any San Andres wells toward which the **State C Tract 12 # 18** well will encroach and is also the only working interest owner. The State C Tract 12 Lease covers NW/4 Section 16 and the State DA Lease covers among other lands the N/2NW/4 Section 16. Interest ownership in the San Andres Formation are common in the lease. Therefore, there are no adversely affected parties, and no one was notified of this application.



5. Approval of this application will afford the interest owners in this spacing unit an opportunity to recover oil and gas which would not otherwise be recovered. Correlative rights of the offsetting units will be protected by a sharing agreement set forth in a letter agreement.



WELL SYMBOLS

- Location Only
- Oil Well
- ☀ Gas Well
- ☉ Dry

POSTED WELL DATA

CURRENT BOPD
CURRENT MCFD
CURRENT BWPD

● OPERATOR WELL LABEL
MBO
MMCFG
MBW



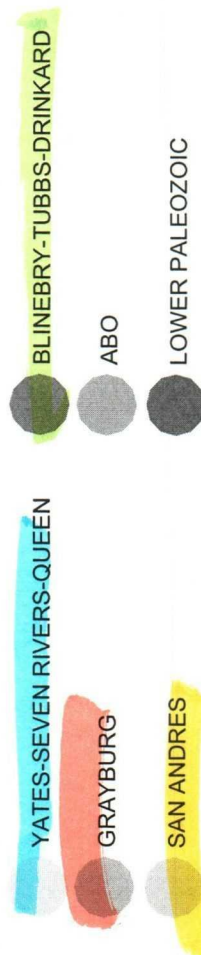
TWO WARREN PLACE, SUITE 1500
6120 SOUTH YALE
TULSA, OKLAHOMA 74136-4224

STATE C TR. 12 #18

SEC 16-T21S-R37E
LEA COUNTY, NEW MEXICO

EXHIBIT 1
WELL INFORMATION

DATE: 5/26/04 DWG: PROD (CURTIS/OCD-NM/2004 SAN ANDRES)



FEET

