

DATE IN 7/7/11	SUSPENSE 7/28/11	ENGINEER DB	LOGGED IN 7/8/11	TYPE NSL	APP NO PWJ1118932327
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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



Apache State #58
6.427
 2011 JUL 7 A 11-08

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.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent for Apache Corporation
 Title

7/7/11
 Date

drctanach@netscape.com
 E-Mail Address

July 7, 2011

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG
Division Director

Re: Application for Unorthodox Well Location
D State No. 58
API No. (30-015-38588)
2460' FSL & 1140' FWL (Unit L)
Section 26, T-17 South, R-28 East, NMPM,
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed D State No. 58. This well will be drilled as a development oil well in the Artesia Glorieta-Yeso Pool (96830) at an unorthodox oil well location 2460 feet from the South line and 1140 feet from the West line of Section 26, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

The proposed D State No. 58 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NW/4 SW/4 of Section 26. This unit is currently dedicated to the existing Apache D State No. 6 (API No. 30-015-32482) located 2210 feet from the South line and 330 feet from the West line, and the Apache DAD State No. 38 (API No. 30-015-33480) located 1655 feet from the South line and 990 feet from the West line.

The Artesia Glorieta-Yeso Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The attached vicinity map shows that the proposed unorthodox well location is necessary in order to avoid a surface drainage feature within the NW/4 SW/4 of Section 26.

The affected offset acreage includes the S/2 NW/4 and NE/4 SW/4 of Section 26, Township 17 South, Range 28 East. All three of these affected tracts are existing 40-acre

spacing units in the Artesia Glorieta-Yeso Pool, and all are operated by Apache. Please note however, that the working interest ownership between the NW/4 SW/4 of Section 26 and the affected offset tracts is not common. Consequently, Apache is providing notice of this application to all working interest owners in the affected offset tracts. These working interest owners include COG Operating LLC, Khody Land & Minerals Company, Marathon Oil Company, and Yates Petroleum Corporation.

Attached is a Form C-102, vicinity map, notice letter and notice list.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Artesia Glorieta-Yeso Pool underlying the NW/4 SW/4 of Section 26 that may otherwise not be recovered by the existing wells, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Apache Corporation
6120 S. Yale, Suite 1500
Tulsa, Oklahoma 74136

Xc: OCD-Artesia

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 July 16, 2010
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-38588		Pool Code 96830	Pool Name Artesia Glorieta-Yeso Pool
Property Code 308712	Property Name D State		Well Number 058
OGRID No. 873	Operator Name Apache Corporation		Elevation 3,665'

Surface Location

UL or lot no. L	Section 26	Township 17 South	Range 28 East	Lot Idn	Feet from the 2460'	North/South line South	Feet from the 1140'	East/West line West	County Eddy
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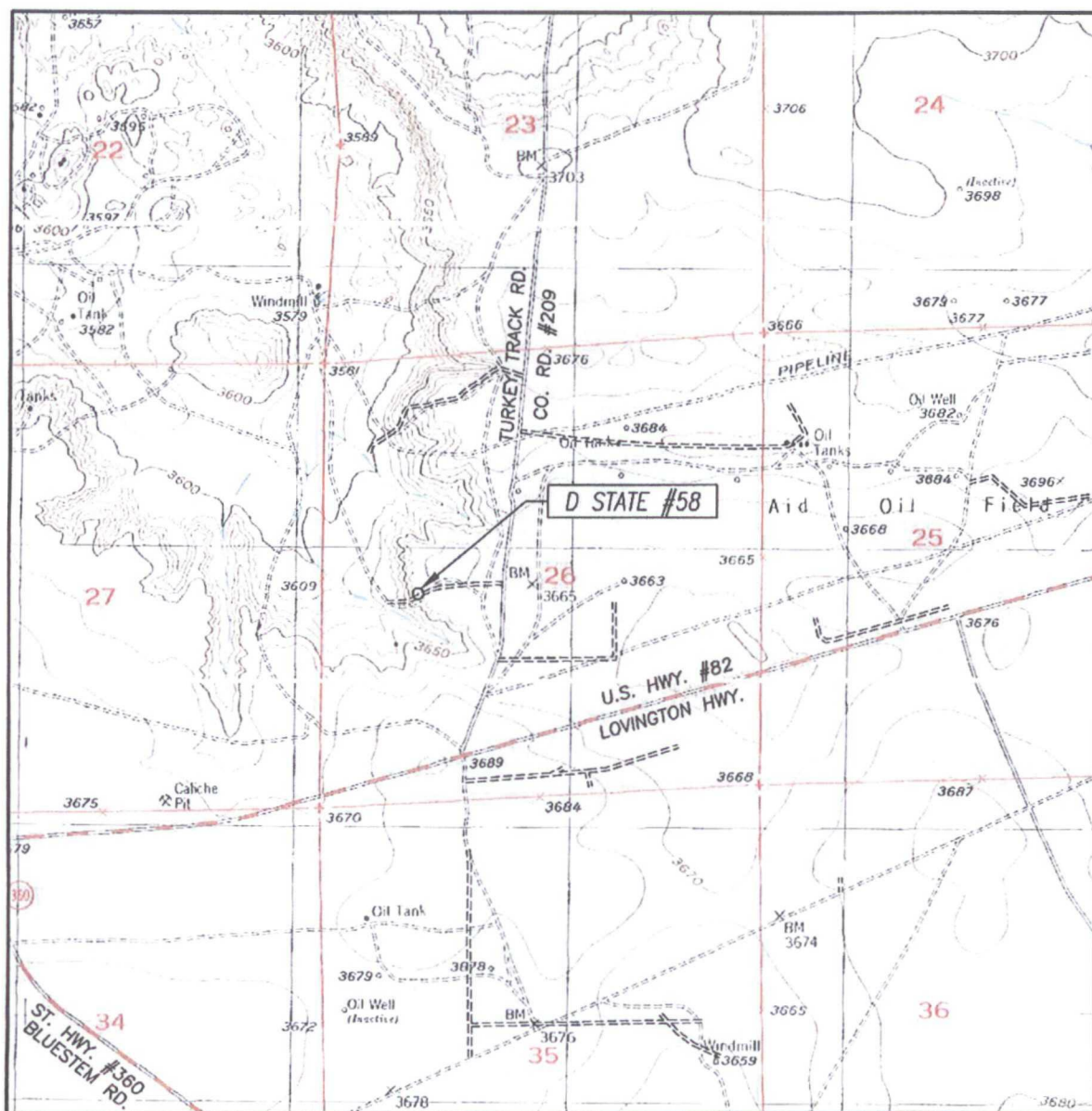
Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40		Joint or Infill		Consolidate Code		Order No.			

No Allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the Division

	<p align="center">OPERATOR CERTIFICATION</p> <p><i>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 bottomhole 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 heretofor entered by the Division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>			
	<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>			

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE, N.M. - 10'

SEC. 26 TWP. 17-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 2460' FSL & 1140' FWL

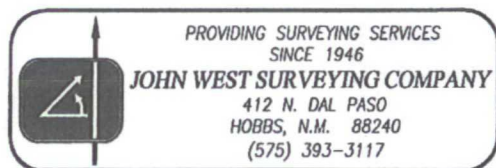
ELEVATION 3665'

OPERATOR APACHE CORPORATION

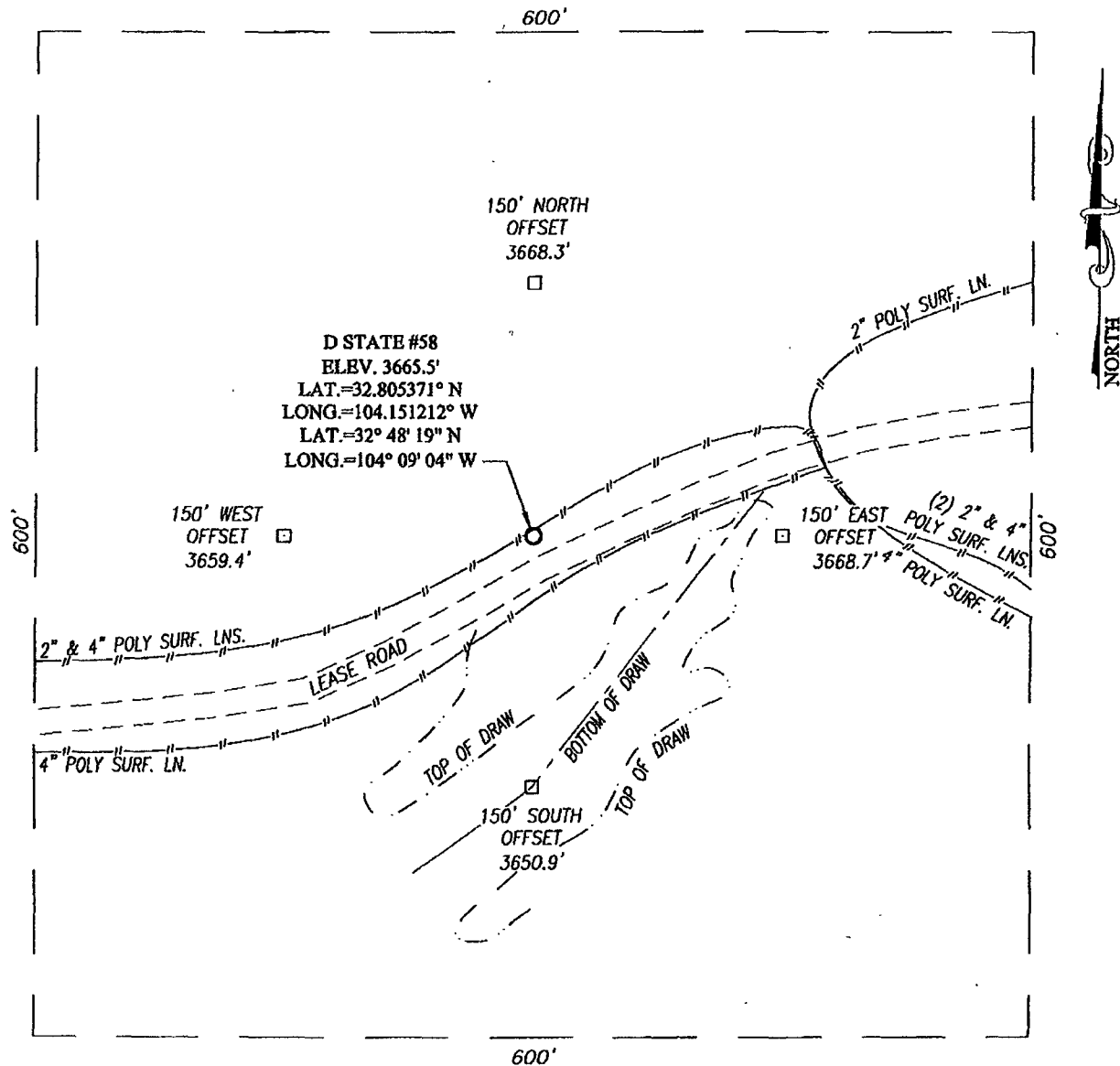
LEASE D STATE

U.S.G.S. TOPOGRAPHIC MAP

RED LAKE, N.M.

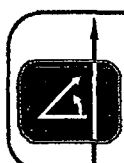


SECTION 26, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

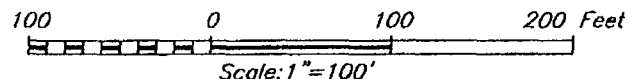


DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 (LOVINGTON HWY.) AND CO. RD. #209 (TURKEY TRACK RD.), GO NORTH APPROX. 0.4 MILES. TURN LEFT AND GO SOUTHWEST APPROX. 0.2 MILES. THIS LOCATION STAKE IS APPROX. 10 FEET NORTH OF LEASE ROAD.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117



APACHE CORPORATION

D STATE #58 WELL
LOCATED 2460 FEET FROM THE SOUTH LINE
AND 1140 FEET FROM THE WEST LINE OF SECTION 26,
TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 2/19/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.0338	Dr By: DSS
Date: 3/3/11	11110338
	Scale: 1"=100'

July 7, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET WORKING INTEREST OWNERS-SEE ATTACHED LIST

Re: Apache Corporation
Unorthodox Oil Well Location
D State No. 58
2460' FSL & 1140' FWL (Unit L)
Section 26, T-17 South, R-28 East, NMPM,
Artesia Glorieta-Yeso Pool
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation ("Apache") for authorization to drill its D State No.58 at an unorthodox oil well location in the Artesia Glorieta-Yeso Pool 2460 feet from the South line and 1140 feet from the West line (Unit L) of Section 26, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The well will be dedicated to an existing 40-acre spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NW/4 SW/4 of Section 26. This unit is currently dedicated to the existing Apache D State No. 6 and Apache DAD State No. 38. The unorthodox location is necessary in order to avoid surface obstructions within the NW/4 SW/4 of Section 26.

As the owner of an interest that may be affected by the proposed unorthodox oil well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach
Agent-Apache Corporation
6120 S. Yale
Suite 1500
Tulsa, Oklahoma 74136

Enclosure

Notice List
Apache Corporation
Application for Unorthodox Well Location
D State No. 58 (API No. 30-015-38588)
2460' FSL & 1140' FWL (Unit L)
Section 26, T-17 South, R-28 East, NMPM

COG Operating, LLC
Attn: David Evans
550 West Texas Avenue, Suite 1300
Midland, Texas 79701

Khody Land and Minerals Company
Attn: Land Department
3817 NW Expressway, Suite 950
Oklahoma City, Oklahoma 73112

Marathon Oil Company
Attn: Joe Rusnak
200 North Loraine, Suite 1222
Midland, Texas 79701

Yates Petroleum Corporation
Attn: Chuck Moran
105 South Fourth Street
Artesia, New Mexico 88210

7010 1670 0000 0297 0102

U.S. Postal Service™		
CERTIFIED MAIL™ RECEIPT		
(Domestic Mail Only, No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
ARTESIA, NM 88210 OFFICIAL USE		
Postage	\$ 1.08	0507
Certified Fee	\$2.85	16
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark here
Restricted Delivery Fee (Endorsement Required)	\$0.00	JUL - 7 2011
Total Postage & Fees	\$ 6.23	07/07/2011
Sent To Yates Petroleum Corporation		
Attn: Chuck Moran		
Street, Apt. No., or PO Box No. 105 South Fourth Street		
City, State, ZIP+4 Artesia, New Mexico 88210		
PS Form 3800, August 2006 See Reverse for Instructions		

5456 2972 0000 0297 0102

U.S. Postal Service™		
CERTIFIED MAIL™ RECEIPT		
(Domestic Mail Only, No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
MIDLAND, TX 79701 OFFICIAL USE		
Postage	\$ 1.08	0507
Certified Fee	\$2.85	16
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark here
Restricted Delivery Fee (Endorsement Required)	\$0.00	JUL - 7 2011
Total Postage & Fees	\$ 6.23	07/07/2011
Sent To COG Operating, LLC		
Attn: David Evans		
Street, Apt. No., or PO Box No. 550 W. Texas Ave., Suite 1300		
City, State, ZIP+4 Midland, Texas 79701		
PS Form 3800, August 2006 See Reverse for Instructions		

4756 2972 0000 0297 0102

U.S. Postal Service™		
CERTIFIED MAIL™ RECEIPT		
(Domestic Mail Only, No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
OKLAHOMA CITY, OK 73112 OFFICIAL USE		
Postage	\$ 1.08	0507
Certified Fee	\$2.85	16
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark here
Restricted Delivery Fee (Endorsement Required)	\$0.00	JUL - 7 2011
Total Postage & Fees	\$ 6.23	07/07/2011
Sent To Khody Land & Minerals Co.		
Attn: Land Department		
Street, Apt. No., or PO Box No. 3817 NW Expressway, Suite 950		
City, State, ZIP+4 Oklahoma City, Oklahoma 73112		
PS Form 3800, August 2006 See Reverse for Instructions		

4756 2972 0000 0297 0102

U.S. Postal Service™		
CERTIFIED MAIL™ RECEIPT		
(Domestic Mail Only, No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
MIDLAND, TX 79701 OFFICIAL USE		
Postage	\$ 1.08	0507
Certified Fee	\$2.85	16
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark here
Restricted Delivery Fee (Endorsement Required)	\$0.00	JUL - 7 2011
Total Postage & Fees	\$ 6.23	07/07/2011
Sent To Marathon Oil Company		
Attn: Joe Rusnak		
Street, Apt. No., or PO Box No. 200 North Lorraine, Suite 1222		
City, State, ZIP+4 Midland, Texas 79701		
PS Form 3800, August 2006 See Reverse for Instructions		