

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



NSL-6860

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 _____

*Apache Corp.
30-015-41501
AB State 647#3*

[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

8/23/13

Date

drcatanach@netscape.com
E-Mail Address

August 23, 2013

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
AB State 647 No. 3
API No. (30-015-41501)
2370' FSL & 1650' FWL (Unit K)
Section 32, 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 AB State 647 No. 3. This well will be drilled as a development oil well in the Artesia Glorieta-Yeso Pool (96830) at an unorthodox oil well location 2370 feet from the South line and 1650 feet from the West line (Unit K) of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

The proposed AB State 647 No. 3 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NE/4 SW/4 of Section 32. This unit is currently dedicated to Apache's proposed: i) AB State 647 No. 2 (API No. 30-015-39927 located at a standard well location 1750 feet from the South line and 1765 feet from the West line; ii) AB State 647 No. 8 (API No. 30-015-41492) located at an unorthodox well location 1620 feet from the South line and 2270 feet from the West line; and iii) AB State 647 No. 2 (API No. 30-015-41500) located at an unorthodox location 2355 feet from the South line and 2600 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 is necessary in order to avoid an existing pipeline within the drill tract.

The affected offset tracts are the SW/4 NW/4 and the SE/4 NW/4 of Section 32. The SW/4 NW/4 of Section 32 currently has no wells producing from the Glorieta-Yeso. The leasehold owners in this tract are Oxy USA, Inc. and Sacramento Partners. The SE/4 NW/4 of Section 32 is an existing 40-acre spacing unit in the Artesia Glorieta-Yeso Pool that is operated by Apache. Please note that the working interest ownership between the drill tract and the SE/4 NW/4 of Section 32 is not common. The affected WI owner within this tract is COG Operating, LLC. Notice of this application is being provided to Oxy USA, Inc., Sacramento Partners and COG Operating, LLC in accordance with Division rules.

Attached is a Form C-102 showing the proposed well, spacing unit, other wells in the spacing unit and the affected offset acreage. Also attached is a vicinity map.

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 NE/4 SW/4 of Section 32 that may otherwise not be recovered by the existing or proposed producing 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
303 Veterans Airpark Lane
Suite 3000
Midland, Texas 79705

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 30-015-41501		Pool Code 96830	Pool Name Artesia Glorieta-Yeso Pool
Property Code 39734	Property Name AB State 647		Well Number 3
OGRID No. 873	Operator Name Apache Corporation		Elevation 3691

Surface Location

UL or lot no. K	Section 32	Township 17 South	Range 28 East	Lot Idn	Feet from the 2370	North/South line South	Feet from the 1650	East/West line West	County Eddy
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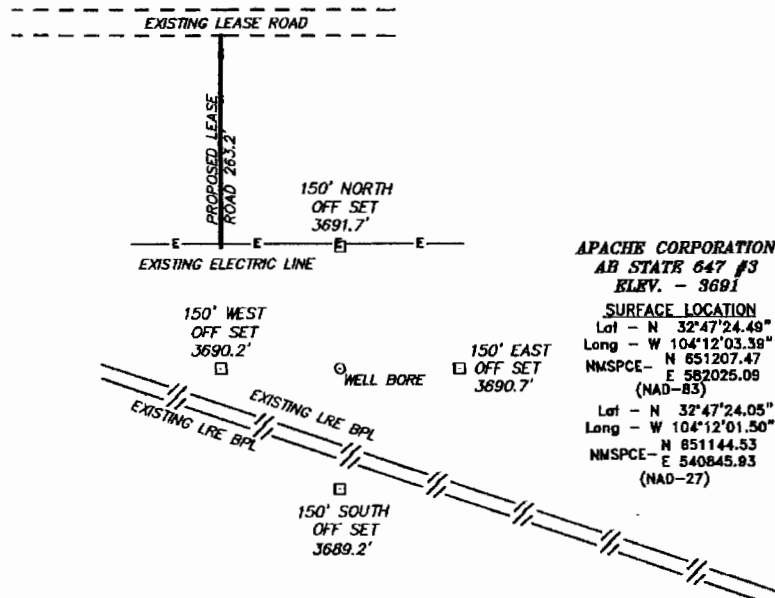
Bottom Hole Location If Different From Surface

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.				

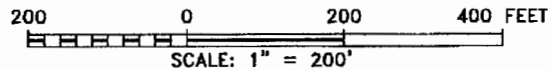
No Allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the Division

				OPERATOR CERTIFICATION <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>	
				Signature _____ Date _____ Printed Name _____ E-mail Address _____	
Affected Offset Tract Leasehold Owners: Oxy USA, Inc. Sacramento Partners		Affected Offset Tract Operator: Apache WI Ownership Not Common w/Drill Tract			
1650'					
		2370'			
				SURVEYOR CERTIFICATION <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>	
				Date of Survey _____ Signature and Seal of Professional Surveyor: _____	
				Certificate Number _____	

SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



WELL IS LOCATED ±12 MILES SOUTHEAST OF ARTESIA, NEW MEXICO.



Directions to Location:

FROM HIGHWAY 82 AND ILLINOIS CAMP GO SOUTH
0.3 MILES TURN WEST GO 0.2 MILES TO PROPOSED
WELL LOCATION.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 28799 Drawn By: D. JONES

Date: 06-12-2013 Disk: DAJ 28799

APACHE CORPORATION

REF: AB STATE 647 #3/ WELL PAD TOPO

THE AB STATE 647 #3 LOCATED 2370'
FROM THE SOUTH LINE AND 1650' FROM THE WEST LINE OF
SECTION 32, TOWNSHIP 17 SOUTH, RANGE 28 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-06-2013 Sheet 1 of 1 Sheets

August 23, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: SEE ATTACHED NOTICE LIST

Re: Apache Corporation
Unorthodox Oil Well Location
AB State 647 No. 3 (API No. 30-015-41501)
2370' FSL & 1650' FWL (Unit K)
Section 32, 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 it's AB State 647 No. 3 at an unorthodox oil well location in the Artesia Glorieta-Yeso Pool 2370 feet from the South line and 1650 feet from the West line (Unit K) of Section 32, 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 NE/4 SW/4 of Section 32. This unit is currently dedicated to Apache's proposed AB State 647 Wells No. 2, 8 and 2. The unorthodox location is necessary in order to avoid an existing pipeline within the drill tract.

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
303 Veterans Airpark Lane
Suite 3000
Midland, Texas 79705

Enclosure

Apache Corporation
Application for Unorthodox Well Location
AB State 647 No. 3
Section 32, T-17S, R-28E, NMPM,
Eddy County, New Mexico
Notice List

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710

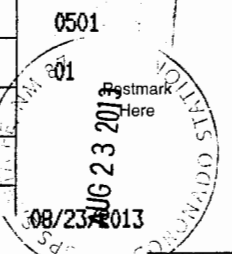
Sacramento Partners
105 S. 4th Street
Artesia, New Mexico 88210

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

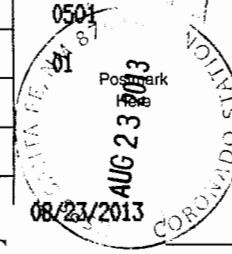
7013 0600 0001 8715 1431

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		0501	
Postage	\$ 1.12		
Certified Fee	\$3.10		
Return Receipt Fee (Endorsement Required)	\$2.55		
Restricted Delivery Fee (Endorsement Required)	\$0.00		
Total	\$6.77		
Sent	Sacramento Partners		
Street or P.O. Box	105 S. 4th Street		
City	Artesia, New Mexico 88210		
PS Form 3800	Instructions		

7013 0600 0001 8715 1424

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 79710		0501	
Postage	\$ 1.12		
Certified Fee	\$3.10		
Return Receipt Fee (Endorsement Required)	\$2.55		
Restricted Delivery Fee (Endorsement Required)	\$0.00		
Total	\$6.77		
Sent	Oxy USA, Inc.		
Street or P.O. Box	P.O. Box 50250		
City	Midland, Texas 79710		
PS Form 3800	Instructions		

7013 0600 0001 8715 1448

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		0501	
Postage	\$ 1.12		
Certified Fee	\$3.10		
Return Receipt Fee (Endorsement Required)	\$2.55		
Restricted Delivery Fee (Endorsement Required)	\$0.00		
Total	\$6.77		
Sent	COG Operating, LLC		
Street or P.O. Box	One Concho Center		
City	600 W. Illinois Ave.		
PS Form 3800	Midland, Texas 79701		
Instructions			