

DATE <u>4/20/12</u>	SUSPENSE	ENGINEER <u>DB</u>	LOGGED IN <u>4/20/12</u>	TYPE <u>NSL</u>	APP NO. <u>1211148948</u>
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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

Lee Fed #60

ADMINISTRATIVE APPLICATION CHECKLIST *30-25-4077*

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

Signature

Date

Agent for Apache Corporation
 Title

drcatanach@netscape.com
 E-Mail Address

4/20/12

P-17-175-31E

6617

April 20, 2012

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
Lee Federal No. 60
API No. (30-015-40177)
1115' FSL & 330' FEL (Unit P)
Section 17, T-17 South, R-31 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 Lee Federal No. 60. This well will be drilled as a development oil well in the Cedar Lake Glorieta-Yeso Pool (96831).

The proposed Lee Federal No. 60 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Cedar Lake Glorieta-Yeso Pool comprising the SE/4 SE/4 of Section 17. This unit is currently dedicated to Apache's: i) existing Lee Federal No. 29 (API No. 30-015-32376) located at a standard well location 890 feet from the South line and 990 feet from the East line; and ii) existing Lee Federal No. 37 (API No. 30-015-32769) located at standard well location 330 feet from the South line and 430 feet from the East line.

The Cedar Lake 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 an existing plugged and abandoned wellbore and well pad.

The two affected offset tracts are the NE/4 SE/4 of Section 17, and the NW/4 SW/4 of Section 16 (see attached plat). There is currently no production from the Glorieta-Yeso interval within the NE/4 SE/4 of Section 17. This tract is currently operated/leased by Linn Operating, Inc./Linn Energy Holdings, LLC. The NW/4 SW/4

of Section 16 is currently being developed in the Glorieta-Yeso interval by the COG Operating, LLC Yucca State Wells No. 3, 6 and 7. In accordance with Division rules, notice is being provided, by certified mail, to Linn Operating, Inc./Linn Energy Holdings, LLC and COG Operating, LLC.

Attached is a Form C-102 showing the proposed well, spacing unit and other existing or proposed wells in the spacing unit. Also attached is a plat identifying the affected offset acreage, a vicinity map, and an offset operator/leasehold owner notice letter.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Cedar Lake Glorieta-Yeso Pool underlying the SE/4 SE/4 of Section 17 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 30-015-40177		Pool Code 96831	Pool Name Cedar Lake Glorieta-Yeso Pool
Property Code 308720	Property Name Lee Federal		Well Number 60
OGRID No. 873	Operator Name Apache Corporation		Elevation 3,736'

Surface Location

UL or lot no. P	Section 17	Township 17 South	Range 31 East	Lot Idn	Feet from the 1115	North/South line South	Feet from the 330	East/West line East	County Eddy
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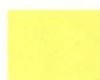
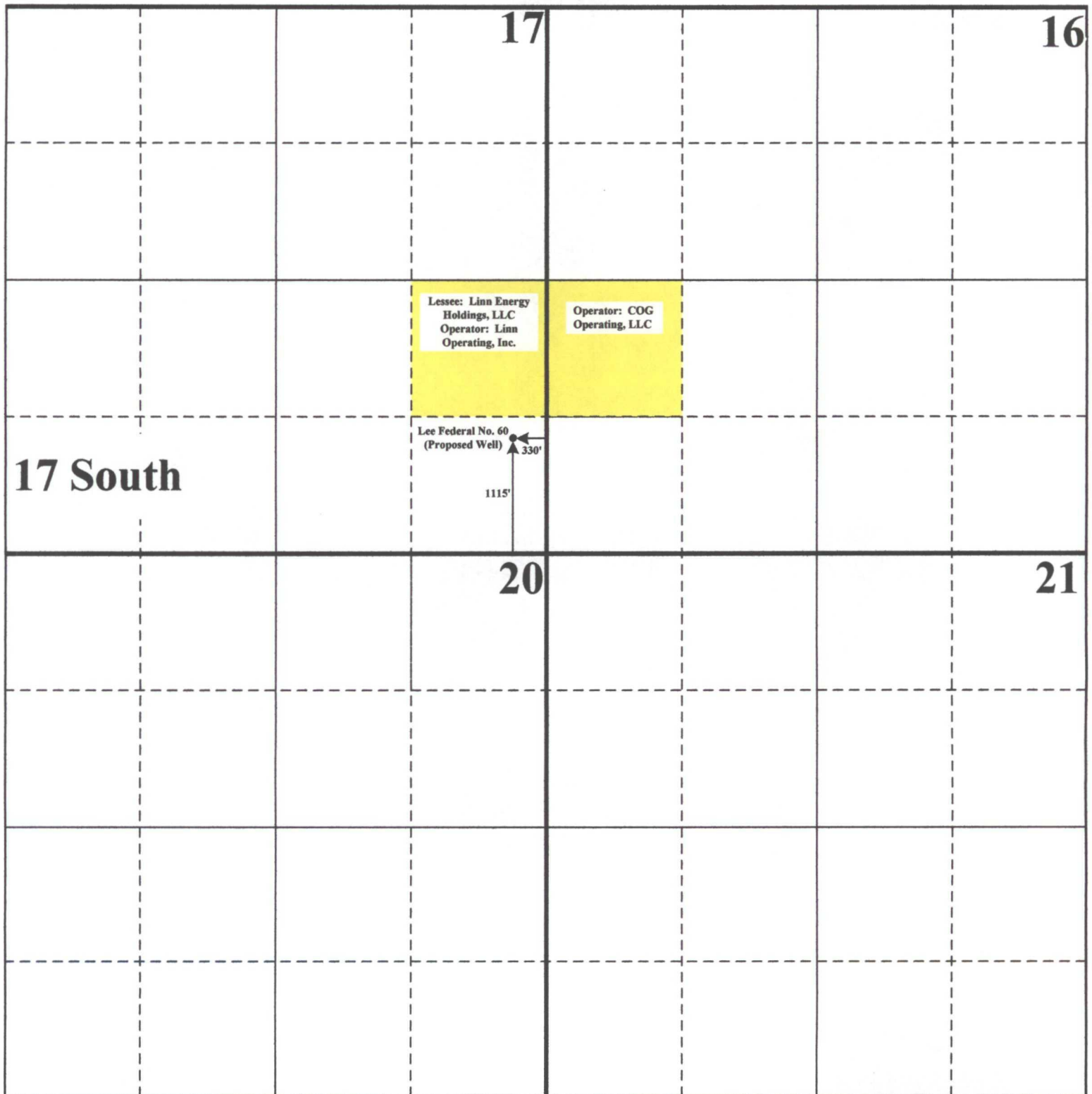
Bottom Hole Location If Different From Surface

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>

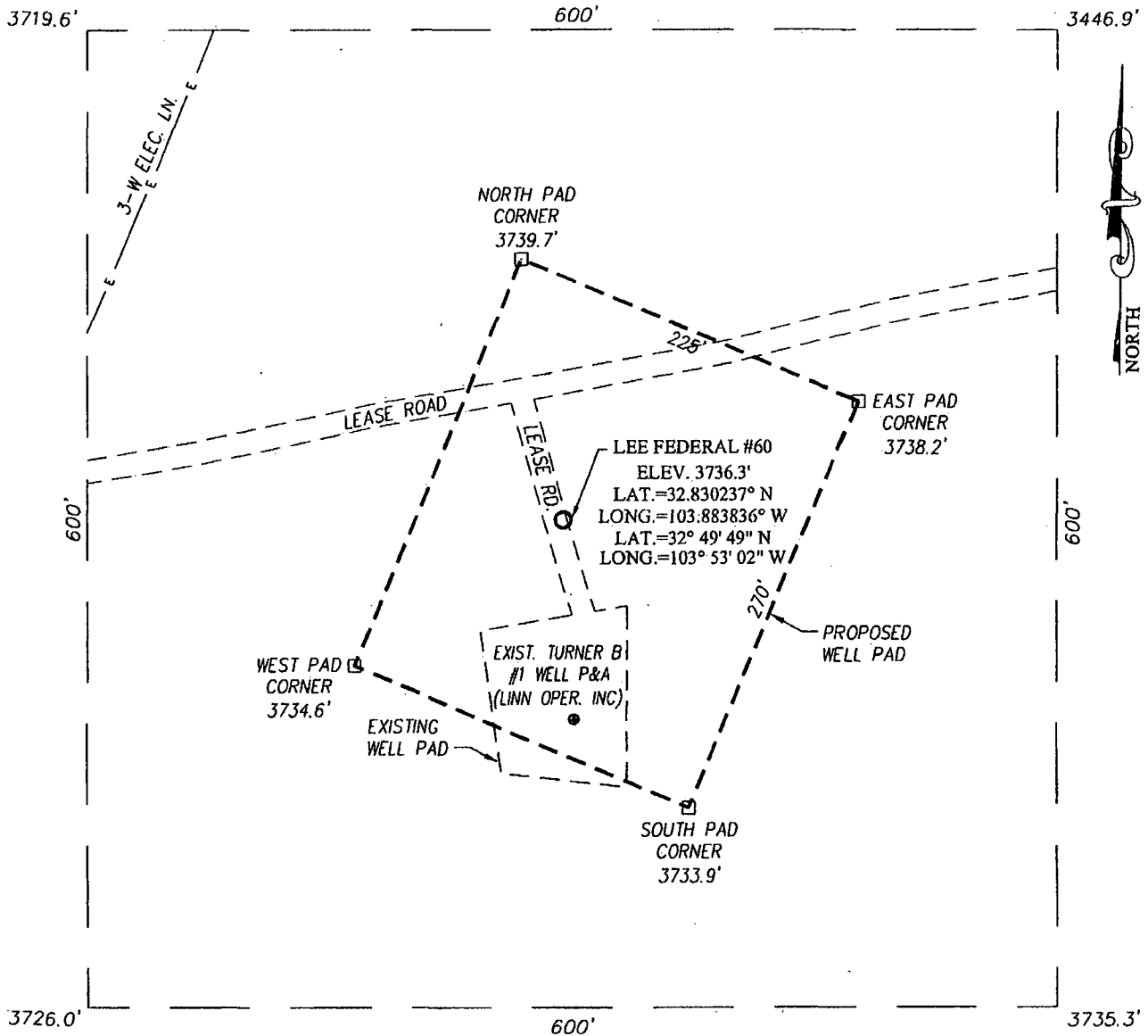
31 East



Affected Offset Acreage

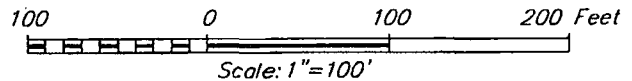
Apache Corporation
Application for Non-Standard Well Location
Lee Federal No. 60

SECTION 17, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HIGHWAY #82 AND ST. HWY. #529, GO NORTHWEST ON U.S. HWY. #82 APPROX. 0.9 MILES. TURN RIGHT AND GO NORTH APPROX. 0.6 MILES. TURN LEFT AND GO NORTH APPROX. 0.3 MILES. TURN RIGHT AND GO EAST APPROX. 0.3 MILES. TURN RIGHT AND GO SOUTHEAST APPROX. 85 FEET. THIS LOCATION STAKE IS EAST 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

LEE FEDERAL #60 WELL
LOCATED 1115 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE EAST LINE OF SECTION 17,
TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

Survey Date: 3/30/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.2384	Dr. By: DSS
Date: 11/10/11	Rel. W.O.: 11112384
	Scale: 1"=100'

April 20, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: COG Operating, LLC Linn Operating, Inc./Linn Energy Holdings, LLC
550 W. Texas Ave. 600 Travis Street
Suite 100 Suite 5100
Midland, Texas 79701 Houston, Texas 77002

Re: Apache Corporation
Application for Unorthodox Oil Well Location
Lee Federal No. 60
1115' FSL & 330' FEL (Unit P)
Section 17, T-17 South, R-31 East, NMPM,
Cedar Lake 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 Lee Federal No. 60 at an unorthodox oil well location in the Cedar Lake Glorieta-Yeso Pool 1115 feet from the South line and 330 feet from the East line (Unit P) of Section 17, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. The well will be dedicated to an existing 40-acre spacing and proration unit in the Cedar Lake Glorieta-Yeso Pool comprising the SE/4 SE/4 of Section 17. This unit is currently dedicated to the existing Apache Lee Federal Wells No. 29 and 37. The unorthodox location is necessary in order to avoid an existing plugged and abandoned wellbore and well pad.

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,

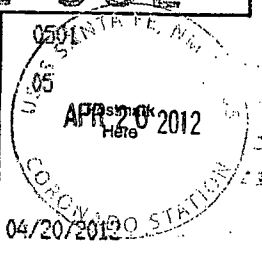


David Catanach
Agent-Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, Texas 79705

Enclosure

7010 1670 0000 8682 8358

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE AUSTIN TX 78701	
Postage	\$ \$1.10
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ \$6.40
Sent To COG Operating, LLC 550 W. Texas Avenue Street, Apt. No. or PO Box No. Suite 100 City, State, ZIP+4 Midland, Texas 79701	
PS Form 3800, August 2005 See Reverse for Instructions	



5968 2988 0000 8682 8355

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE HOUSTON TX 77002	
Postage	\$ \$1.10
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ \$6.40
Sent To Linn Operating, Inc./Linn Energy Holdings, LLC Street, Apt. No. or PO Box No. 600 Travis Street, Suite 5100 City, State, ZIP+4 Houston, Texas 77002	
PS Form 3800, August 2005 See Reverse for Instructions	

