

7/24/12 DATE IN	8-14 SUSPENSE	Brooks ENGINEER	7/25/12 LOGGED IN	NSL TYPE	PUNK1220742886 APP NO.
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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



873 Apache Corp  
30-015-40238  
D State #93  
ULS 35 175 28E

**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]

6665

[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

*David Catanach*

7/19/12

Agent for Apache Corporation  
Title

drcatanach@netscape.com  
E-Mail Address

July 19, 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  
D State Well No. 93  
API No. (30-015-40238)  
1650' FSL & 2440' FEL (Unit J)  
Section 35, 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. 93. This well will be drilled as a development oil well in the Artesia Glorieta-Yeso Pool (96830).

The proposed D State No. 93 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NW/4 SE/4 of Section 35. This unit is currently dedicated to Apache's: i) existing D State No. 53 (API No. 30-015-39267) located at a standard well location 2310 feet from the South line and 2310 feet from the East line; ii) proposed D State No. 84 (API No. 30-015-40145) located at a standard well location 1650 feet from the South and 1650 feet from the East line; and ii) proposed D State No. 94 (API No. 30-015-40239) located at a standard well location 2310 feet from the South line and 1650 feet from the East 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 existing pipelines and a road.

The two affected offset tracts are the NE/4 SW/4 and the SE/4 SW/4 of Section 35. Apache is the operator of the NE/4 SW/4 in the Artesia Glorieta-Yeso Pool. The working interest between the drill tract and the NE/4 SW/4 of Section 35 is common.

The operating rights within the SE/4 SW/4 of Section 35 are owned by Melrose Operating Company and Quantum Resources Management, LLC. Notice of this application is being provided by certified mail to Melrose Operating Company and Quantum Resources Management, LLC.

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

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 SE/4 of Section 35 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 <b>30-015-40238</b>		Pool Code <b>96830</b>	Pool Name <b>Artesia Glorieta-Yeso Pool</b>
Property Code <b>308712</b>	Property Name <b>D State</b>		Well Number <b>093</b>
OGRID No. <b>873</b>	Operator Name <b>Apache Corporation</b>		Elevation <b>3668'</b>

**Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>J</b>	<b>35</b>	<b>17 South</b>	<b>28 East</b>		<b>1650</b>	<b>South</b>	<b>2440</b>	<b>East</b>	<b>Eddy</b>

**Bottom Hole Location If Different From Surface**

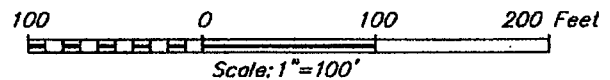
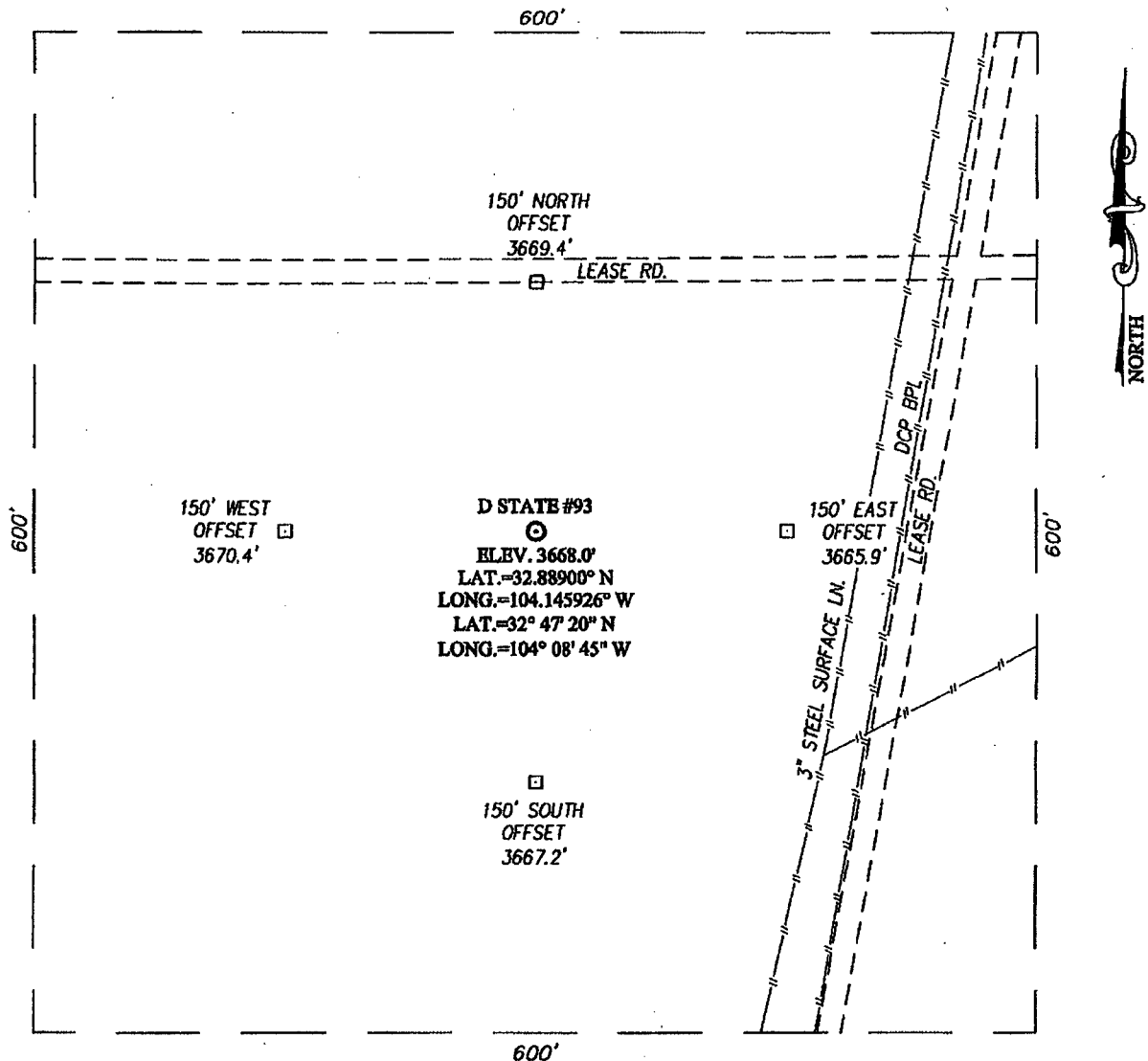
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>40</b>	Joint or Infill	Consolidate Code	Order No.
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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

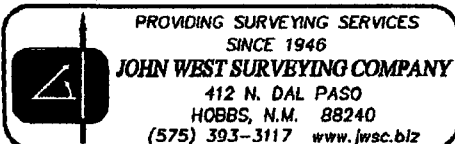
				<b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottomhole location or has a right 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 Acreage Apache Corp. (Operator) WI Common w/Drill Tract		D State 53 (Active) D State 94 (NYD) D State 93 (NYD) D State 84 (NYD)		<b>SURVEYOR CERTIFICATION</b> <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>	
		2440' 1650'		Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____	

**SECTION 35, 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 AND ST. HWY. #360  
 GO SOUTHEAST APPROX. 0.8 MILES. TURN LEFT AND GO EAST  
 APPROX. 0.9 MILES. THE LOCATION STAKE IS 150 FEET SOUTH  
 OF THE LEASE ROAD.



**APACHE CORPORATION**

**D STATE #93 WELL**  
**LOCATED 1650 FEET FROM THE SOUTH LINE**  
**AND 2440 FEET FROM THE EAST LINE OF SECTION 35,**  
**TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,**  
**EDDY COUNTY, NEW MEXICO**

Survey Date: 3/22/12	CAD Date: 4/23/12	Drawn By: AF
W.O. No.: 12110497	Rev.:	Rel. W.O.:

Sheet 1 of 1

July 19, 2012

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO: Melrose Operating Company  
20333 State Highway 249, Suite 310  
Houston, Texas 77070

Quantum Resources Management, LLC  
1401 McKinney Street, Suite 2400  
Houston, Texas 77010

Re: Apache Corporation  
Application for Unorthodox Oil Well Location  
D State No. 93  
1650' FSL & 2440' FEL (Unit J)  
Section 35, 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. 93 at an unorthodox oil well location in the Artesia Glorieta-Yeso Pool 1650 feet from the South line and 2440 feet from the East line (Unit J) of Section 35, 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 SE/4 of Section 35. This unit is currently dedicated to Apache's existing D State Well No. 53, and Apache's proposed D State Wells No. 84 and 94. The unorthodox location is necessary in order to avoid existing pipelines and a road.

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,

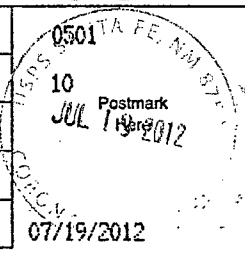


David Catanach  
Agent-Apache Corporation  
303 Veterans Airpark Lane, Suite 3000  
Midland, Texas 79705

Enclosure

7011 2970 0003 9311 4307

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
HOUSTON TX 77010 OFFICIAL USE	
Postage	\$ 1.30
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 6.60
07/19/2012	
Sent To Quantum Resources Mgmt. LLC	
Street, Apt. No., or PO Box No. 1401 McKinney St., Suite 2400	
City, State, ZIP+4 Houston, Texas 77010	
PS Form 3800, August 2006 See Reverse for Instructions	



7011 2970 0003 9311 4291

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HOUSTON TX 77070 OFFICIAL USE	
Postage	\$ 1.30
Certified Fee	\$2.95
Return Receipt Fee (Endorsement Required)	\$2.35
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 6.60
07/19/2012	
Sent To Melrose Operating Company	
Street, Apt. No., or PO Box No. 20333 State Highway 249	
City, State, ZIP+4 Suite 310 Houston, Texas 77070	
PS Form 3800, August 2006 See Reverse for Instructions	

