

8-14-12 DATE IN	9-4-12 SUSPENSE	ENGINEER	DB	LOGGED IN 8/16/12	TYPE NSL	APP NO. PKUR1222956718
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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 #50

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]

6677

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
[A] Location - Spacing Unit - Simultaneous Dedication
X NSL ☐ NSP ☐ SD

Lee Federal 50
30-015-39888

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] X Working, Royalty or Overriding Royalty Interest Owners
[B] X 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] X For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

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RECEIVED OOD

- [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.

Brian Wood

Print or Type Name

Signature

Consultant

Title

brian@permitswest.com

e-mail Address

8-14-12

Date

**REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION'S
LEE FEDERAL 50
1015' FNL & 1580' FWL
SECTION 20, T. 17 S., R. 31 E., EDDY COUNTY, NM
API 30-015-39888**

I. The oil well is on BLM surface and BLM oil and gas lease NMLC-029395B. The well is 1580' from the closest lease line (Exhibit A). The proposed oil well is nonstandard for the Mar Loco; Glorieta-Yeso (Pool 97866) due to land uses.

Apache requests a nonstandard location due to land uses. The well was planned to be staked 990 FNL & 1650 FWL. However, at least two buried pipelines prevented that location. (See Exhibit B)

A standard location must be at least 330' from the quarter-quarter line. The well bore is 260' from the west quarter-quarter line and 305' from the south quarter-quarter line (see C-102 as EXHIBIT C). It is 70' too far west and 25' too far south. It is 400' from the southwest corner of the quarter-quarter.

II. Form C-102 showing the well and 40 acre pro ration unit (NENW Section 20) is attached as EXHIBIT C.

The BLM oil and gas lease (1,786.15 acres) boundary is marked as a solid line on the attached (EXHIBIT D) topographic map. Dashed lines mark the acreage dedications. The well encroaches 25' too far south toward the SENW Section 20 and 70' too far west toward the NWNW Section 20. The encroachments are part of the same BLM lease. The NENW Section 20 and all 8 bordering or cornering quarter-quarters are part of the same BLM lease.

Apache operates all Yeso wells in the NENW Section 20 and the eight bordering or cornering quarter-quarters. Apache and COG have 100% of the Yeso working interest in the NENW Section 20 and the eight bordering or cornering quarter-quarters. Closest Yeso well is Apache's Lee Federal 19 (30-015-31962), which is 490' north. Closest Yeso well to the west is Apache's Lee Federal 17 (30-015-32648), which is 746' west. Closest Yeso well to the southwest is Apache's Lee Federal 2 (30-015-30268), which is 866' southwest. Closest well to the south is Apache's Lee Federal 6 (30-015-30424), which is 967' southeast.

III. The BLM oil and gas lease (1,786.15 acres) boundary is marked as a solid line on the attached (EXHIBIT D) topographic map. The well encroaches to the west and south. The encroachments are part of the same lease. Eight existing Yeso pro ration units (see Exhibit E) touch the proposed pro ration unit. All eight are Apache operated. All eight are part of the same BLM lease. Apache and COG have 100% of the Yeso working interest in all 8 quarter-quarters, and the quarter-quarter in which the well is located. This information is current and correct.

IV. See Exhibit E for the proposed well, proration unit and all wells. Apache does not believe directional drilling to a standard location from an existing pad is cost effective for this well.

V. There are numerous manmade land use constraints (see Exhibit F). There are three active Linn wells and their roads, two active Apache wells and their roads, and sixteen rights-of-way in the NENW Section 20. Exhibit F (a BLM Master Title Plat) only shows actions authorized by rights-of-way. It does not show actions authorized by Applications for Permits to Drill or Sundry Notice for on lease activities by lease (well) operators. Some of the rights-of-way include multiple facilities. The rights-of-way are:

- Central Valley Electric 30' wide 12.47 kV power line NMNM-106773
- Central Valley Electric 30' wide 3-phase power line NMNM-128564
- COG 30' wide saltwater pipeline NMNM-103348
- DCP 50' wide 8" gas pipeline NMLC-063347
- Frontier 50' wide 6" gas pipeline NMNM-085493
- Frontier 50' wide 4" gas pipeline NMNM-108366
- Linn 50' wide 4" water injection pipeline NMNM-002290
- Linn 50' wide 4" 12.47 kV power line & saltwater pipeline NMNM-094380
- Marbob 30' wide 4" saltwater pipeline NMNM-111848
- Navajo Refining 30' wide 3" oil pipeline NMNM-095466
- Navajo Refining 30' wide 4" oil pipeline NMNM-015544
- New Mexico Gas 50' wide gas pipeline NMLC-063374
- New Mexico Gas 50' wide gas pipeline NMNM-558094
- Plains 50' 3" - 5.5" oil pipeline NMLC-060143
- Plains 50' 3" & 4" oil pipeline NMLC-061171
- Plains 50' 6" oil pipeline NMNM-095345

VI. Archaeology is not an issue.

VII. The well was planned to be staked 990 FNL & 1650 FWL. However, at least two buried pipelines prevented that location. (See Exhibit B)

VIII. Apache does not believe directional drilling to a standard location is cost effective for this well.

IX. I hereby certify that Apache Corporation and its partner (COG Operating) have 100% of the Yeso working interest in the lease which comprises the proposed 40 acre spacing unit (NENW Section 20), the adjacent quarter-quarters (NWNW & SENW Section 20) of the two sides toward which it encroaches, and the single closest corner to the proposed well (SWNW Section 20) toward which it encroaches and that the information is current and correct.

I hereby attest that I, on or before the date that the application was submitted to the division, sent notification to the affected persons (see EXHIBIT G) by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the division receives the application. These affected persons have working or royalty interests in quarter-quarters that border the 40-acre spacing unit. Said notice was sent to:

COG Operating LLC



Brian Wood, Consultant

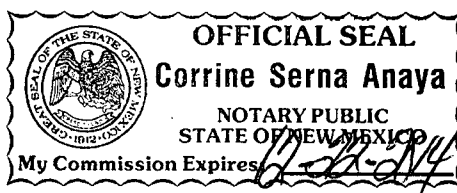
8-14-12
Date

The foregoing instrument was acknowledged before me this 14th day of August, 2012 by Brian Wood. Witness my hand and official seal.

Chris Smith

My Commission Expires:

Business Address:



cc: Flores, OCD (Artesia & Santa Fe)

Form 3160-3
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC-029395B
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator APACHE CORPORATION		7. If Unit or CA Agreement, Name and No.
3a. Address 303 VETERANS AIRPARK LN #3000 MIDLAND, TX 79705	3b. Phone No. (include area code) 432-818-1167	8. Lease Name and Well No. LEE FEDERAL #050 <308720>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1015' FNL & 1580' FWL At proposed prod zone SAME		9. API Well No. 30-015- 39888
14. Distance in miles and direction from nearest town or post office* APPROX 5.5 MILES EAST OF LOCO HILLS, NM		10. Field and Pool, or Exploratory MAR LOCO, Glyceria- 1/850 [97866]
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1015'	16. No. of acres in lease 1786.15	11. Sec., T. R. M. or Blk. and Survey or Area UL: C SEC: 20 T17S R31E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. ~420'	19. Proposed Depth 6500'	12. County or Parish EDDY
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3652'	22. Approximate date work will start* As soon as approved	13. State NM
23. Estimated duration ~ 10 DAYS		
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Sorina L Flores</i>	Name (Printed/Typed) SORINA L. FLORES	Date 11/14/2011
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Title
SUPV OF DRILLING SERVICES

Approved by (Signature) Is/ Don Peterson	Name (Printed/Typed)	Date JAN 19 2012
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Roswell Controlled Water Basin

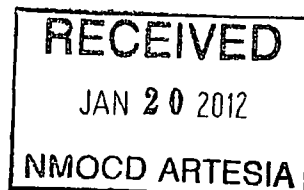
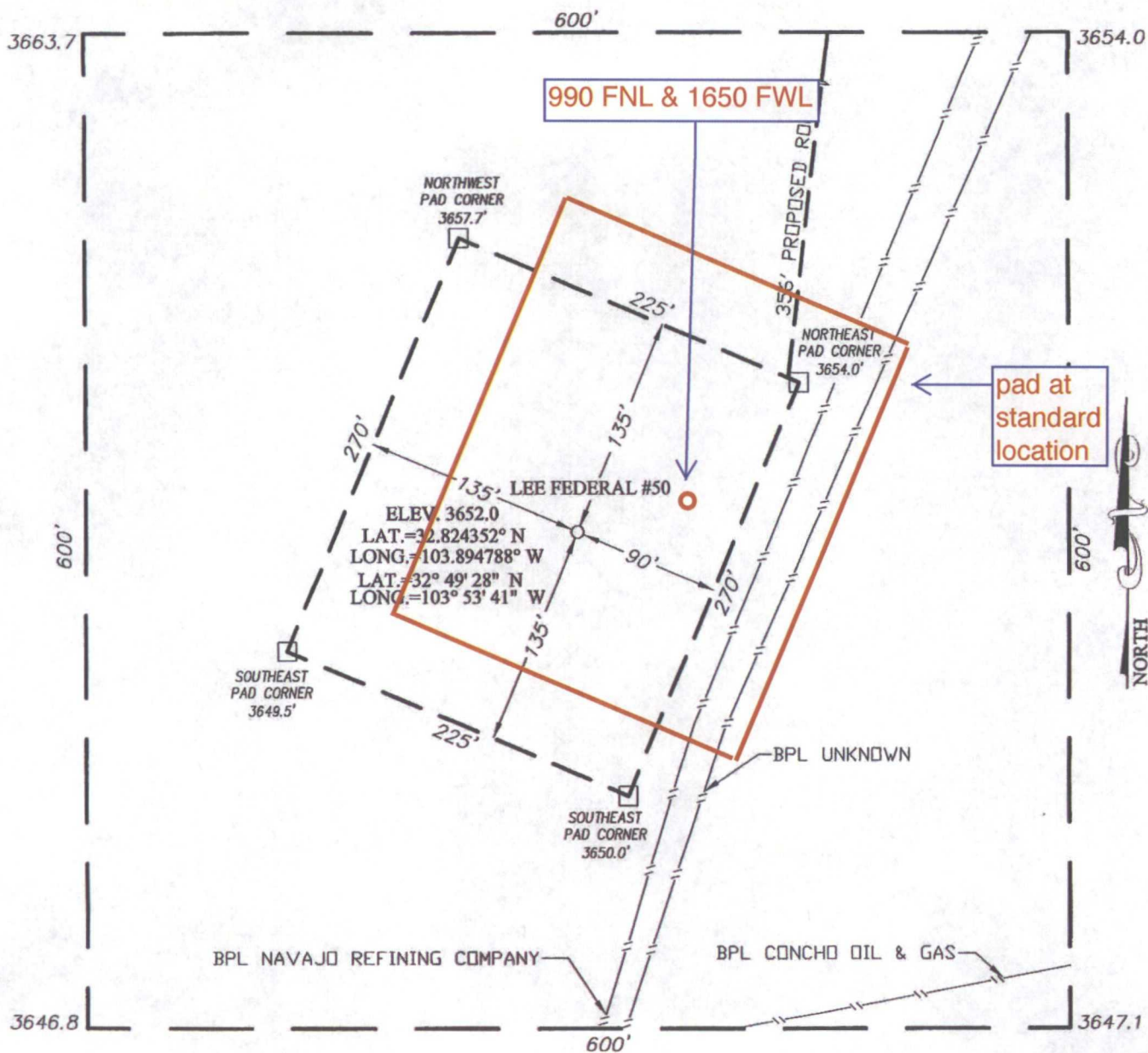
Hold C-104
F/NSC APPROVALSEE ATTACHED FOR
CONDITIONS OF APPROVAL

EXHIBIT A

Approval Subject to General Requirements
& Special Stipulations Attached

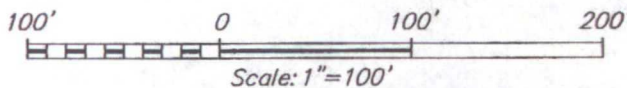
SECTION 20, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. 82 AND ST. HWY 529, GO WEST 1.4 MILES AND TURN RIGHT. GO NORTH 0.8 MILES TO A "Y" INTERSECTION. TURN LEFT AND GO WEST 0.1 MILE. TURN LEFT AND GO SOUTH 660' TO A WELL PAD. CONTINUE THROUGH THE PAD AND GO 340' TO THE PAD FOR LEE FEDERAL #19. FROM THE SE PAD CORNER, FOLLOW ROAD SURVEY STAKES SOUTH 356' TO THIS LOCATION

EXHIBIT B



APACHE CORPORATION

LEE FEDERAL #50 WELL
LOCATED 1015' FROM THE NORTH LINE
AND 1580' FROM THE WEST LINE OF SECTION 20
TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO

Survey Date: 06/29/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.0947	Dr. By: CMH
Date: 07/25/11	Rel. W.O.: 11110947
	Scale: 1"=100'

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

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
11885 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, New Mexico 87505

Form C-102
Revised July 16, 2010
Submit to Appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015 39888	Pool Code 97866 96831	Pool Name MAR LOCO; GLORIA YUJO
Property Code 308720	Property Name LEE FEDERAL	Well Number 50
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3652'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	20	17-S	31-E		1015	NORTH	1580	WEST	EDDY

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	Consolidation 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

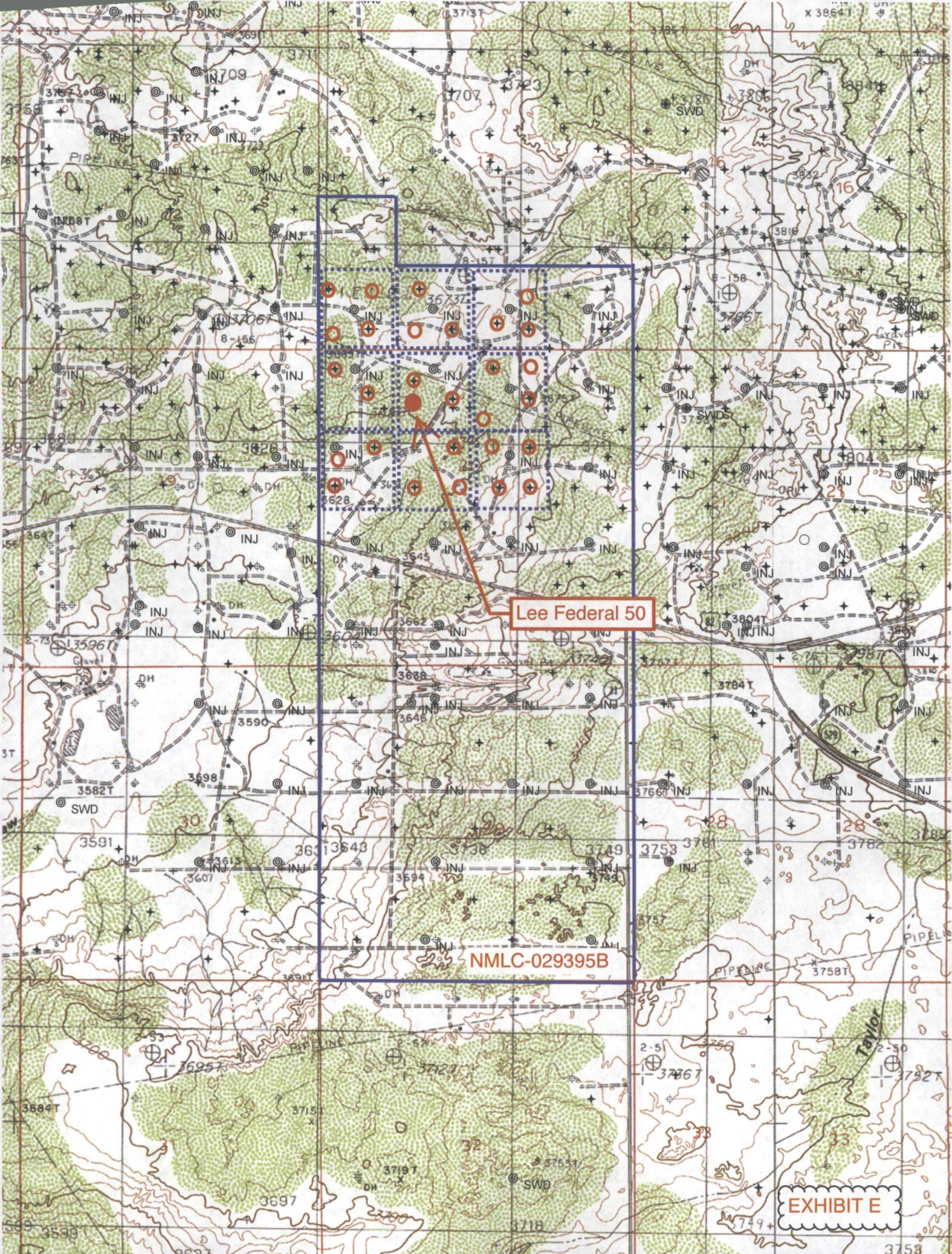
<p>DETAIL</p> <p>3663.7' 3656.2'</p> <p>600'</p> <p>600'</p> <p>3646.8' 3647.1'</p> <p>S.L. SEE DETAIL</p> <p>1580'</p> <p>1015'</p> <p>GEODETTIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=663889.9 N X=634716.9 E</p> <p>LAT.=32.824352° N LONG.=103.894788° W</p> <p>LAT.=32° 49' 28" N LONG.=103° 53' 41" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sorina L. Flores</i> 11/10/11 Signature Date</p> <p>Sorina L. Flores Printed Name</p> <p>sorina.flores@apachecorp.com E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the information on this plat was plotted by me or under my supervision and is true and correct to the best of my belief.</p> <p>EXHIBIT C</p> <p>JUNE 29, 2011</p> <p>Date of Survey</p> <p>Signature & Seal of Professional Surveyor:</p> <p><i>Ronald J. Eidson</i></p> <p>RONALD J. EIDSON NEW MEXICO 3239</p> <p>Certificate Number Gary Eidson 12641 Ronald J. Eidson 3239</p> <p>CMH SWSCWO 11.11.0947</p>
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Lee Federal 50

NMLC-029395B

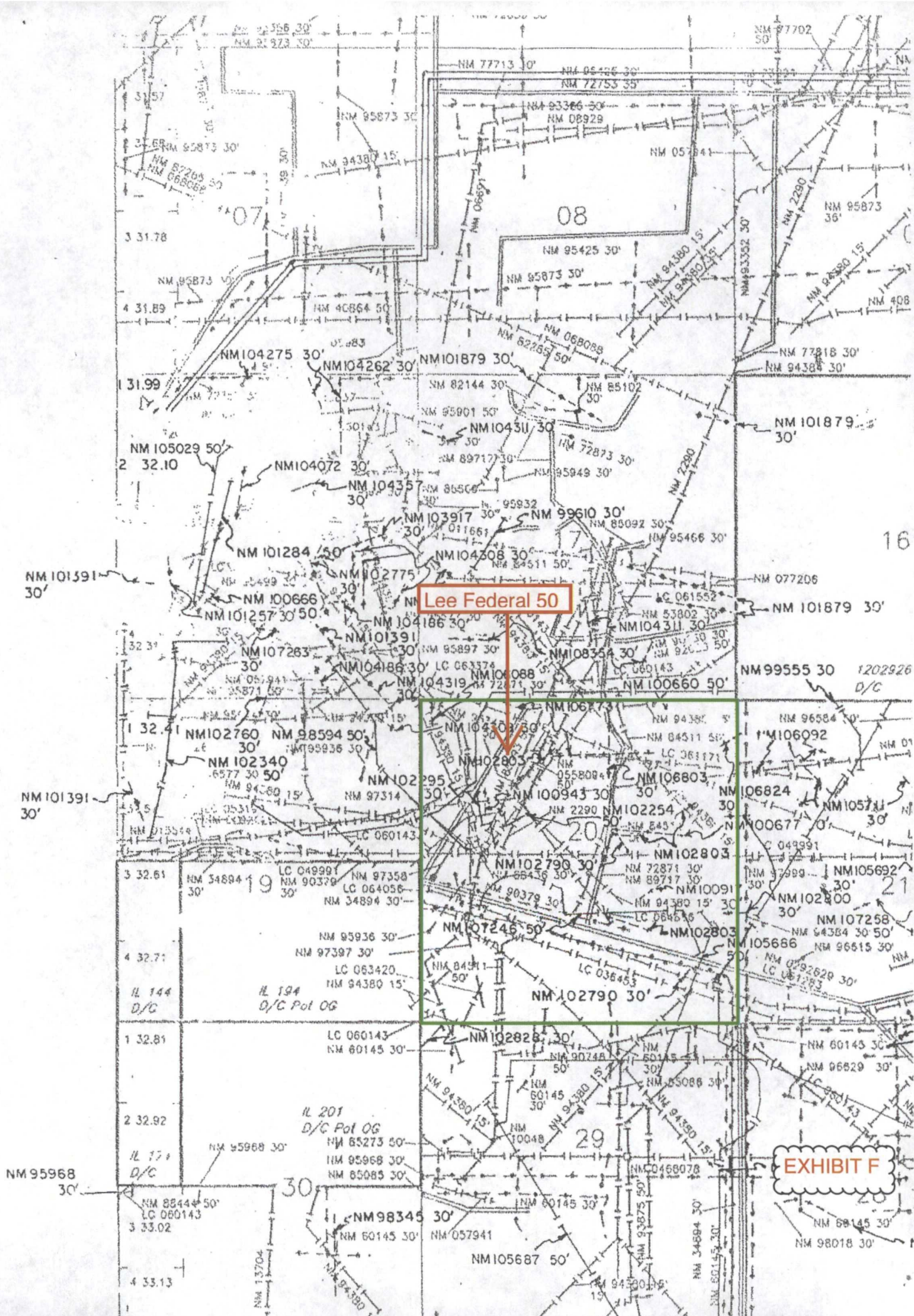
EXHIBIT D



Lee Federal 50

NMLC-029395B

EXHIBIT E



PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 13, 2012

COG Operating LLC
550 West Texas Ave., Suite 100
Midland, TX 79701

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

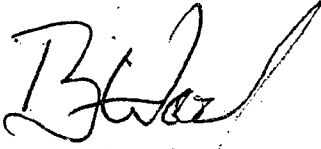
Apache Corporation is applying to produce its Lee Federal 50 oil well. The minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 25' further south and 70' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land use (pipelines).

Well Name: Lee Federal 50 ID: 6,500'
Proposed NSL Zone: Mar Loco; Glorieta-Yeso
NSL Acreage Dedication: 40 acres (NENW Section 20)
Location: 1015' FSL & 1580' FWL Sec. 20, T. 17 S., R.31 E., Eddy County, NM
on BLM lease NMLC-029395B (well is 1580' from lease boundary)
Approximate Location: ~4 air miles east of Loco Hills, NM
Applicant Name: Apache Corporation (432) 818-1167
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, Midland, TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,


Brian Wood

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	
Postage \$	235
Certified Fee	235
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	340.75
Sent To	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

COG

EXHIBIT G