

DATE IN 9-12-12	SUSPENSE 10-1	ENGINEER DB	LOGGED IN 9-12-12	TYPE NSL	APP NO. PDKB1225639195
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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 #43*

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

Lee Federal 43
 30-015-39837

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.

Brian Wood

Print or Type Name

Signature

Consultant

Title

brian@permitswest.com

e-mail Address

9-11-12

Date

RECEIVED OGD
2012 SEP 12 A 9:39

**REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION'S
LEE FEDERAL 43
240' FSL & 380' FWL
SECTION 17, T. 17 S., R. 31 E., EDDY COUNTY, NM
API 30-015-39837**

I. The proposed oil well (see APD as Exhibit A) is on BLM surface and BLM oil and gas lease NMLC-029395B. The well is staked 380' from the closest lease line. 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 topography. The well was planned to be staked 330 FSL & 330 FWL. However, at BLM's (John Fast) request it was moved 90' south and 50' east. This move reduced the height of the cuts and fills (Exhibit B).

A standard location must be at least 330' from the quarter-quarter line. The well bore is 240' from the south quarter-quarter line (see C-102 as EXHIBIT C). It is 90' too far south. (It is 449' from the southwest corner of the quarter-quarter.)

II. Form C-102 showing the well and 40 acre pro ration unit (SWSW Section 17) 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 90' too far south (toward the NWNW Section 20). The encroachment is part of the same BLM lease. The NWNW Section 20 and 4 bordering or cornering quarter-quarters are part of the same BLM lease. The other bordering or cornering quarter-quarters are on 2 other BLM leases.

Apache operates all Yeso wells in the NWNW Section 20 and all but one of the bordering or cornering quarter-quarters. Only the NESW Section 17 does not have Apache operated Yeso wells. There are no Yeso wells in the NESW Section 17.

Apache and COG have 100% of the Yeso working interest in the SWSW Section 17 and all eight surrounding quarter. Closest Yeso well in any direction

is Apache's Lee Federal 34 (30-015-32738), which is 517' east. Closest Yeso well to the south is Apache's Lee Federal 18 (30-015-31952), which is 572' south.

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 south. The encroachment is part of the same lease. Seven existing Yeso pro ration units (see Exhibit D) touch the proposed pro ration unit. All seven are Apache operated. The eighth pro ration unit (NESW Section 17) does not have any existing or proposed Yeso wells. Apache and COG have 100% of the Yeso working interest in all 8 adjacent 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. The land use constraint preventing a standard location is topography (steep slopes).

VI. Archaeology is not an issue.

VII. The well was planned to be staked 330 FSL & 330 FWL. Steep slopes prevented that plan. (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 (SWSW Section 17), the adjacent quarter-quarter (NWNW Section 20) of the side toward which it encroaches, and the single closest corner to the proposed well (NENE Section 19) 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 F) 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:

BLM
COG Operating LLC

B. Wood

Brian Wood, Consultant

9-10-12

Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 10th day of September, 2012 by Brian Wood. Witness my hand and official seal.

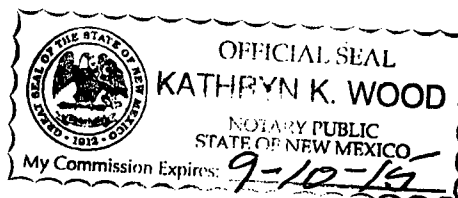
Kathryn K. Wood

Notary Public

My Commission Expires: 9-10-15

Business Address:

cc: Flores, OCD (Artesia & Santa Fe)



OCD-ARTESIA

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

5. Lease Serial No.
NMLC-029395B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
LEE FEDERAL #043 <308720> ✓

9. API Well No.
30-015- 39837

10. Field and Pool, or Exploratory
MARLOCO ; GLORIETA-YESO [97866]

11. Sec., T. R. M. or Blk. and Survey or Area

UL: M SEC: 17 T17S R31E

12. County or Parish
EDDY

13. State
NM

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
APACHE CORPORATION

3a. Address 303 VETERANS AIRPARK LN #3000
MIDLAND, TX 79705

3b. Phone No. (include area code)
432-818-1167

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 240' FSL & 380' FWL

At proposed prod. zone SAME

14. Distance in miles and direction from nearest town or post office*
APPROX 4 MILES EAST OF LOCO HILLS, NM

15. Distance from proposed*
location to nearest
property or lease line, ft
(Also to nearest drig. unit line, if any) 240'

16. No. of acres in lease
1786.15

17. Spacing Unit dedicated to this well
40 ACRES

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft ~ 530'

19. Proposed Depth
6500'

20. BLM/BIA Bond No. on file
BLM NM 5000736 INDIVIDUAL
BLM - CO - 1463 NATIONWIDE BA

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3671'

22. Approximate date work will start*
As soon as approved

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:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature *Sorina L. Flores*

Name (Printed/Typed)
SORINA L. FLORES

Date 11/15/11

Title
SUPV OF DRILLING SERVICES

Approved by (Signature) */s/ Don Peterson*

Name (Printed/Typed)

Date JAN 13 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

RECEIVED
JAN 17 2012
NMOCD ARTESIA

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

EXHIBIT A

Approval Subject to General Requirements
& Special Stipulations Attached



Lee Federal 43
center stake

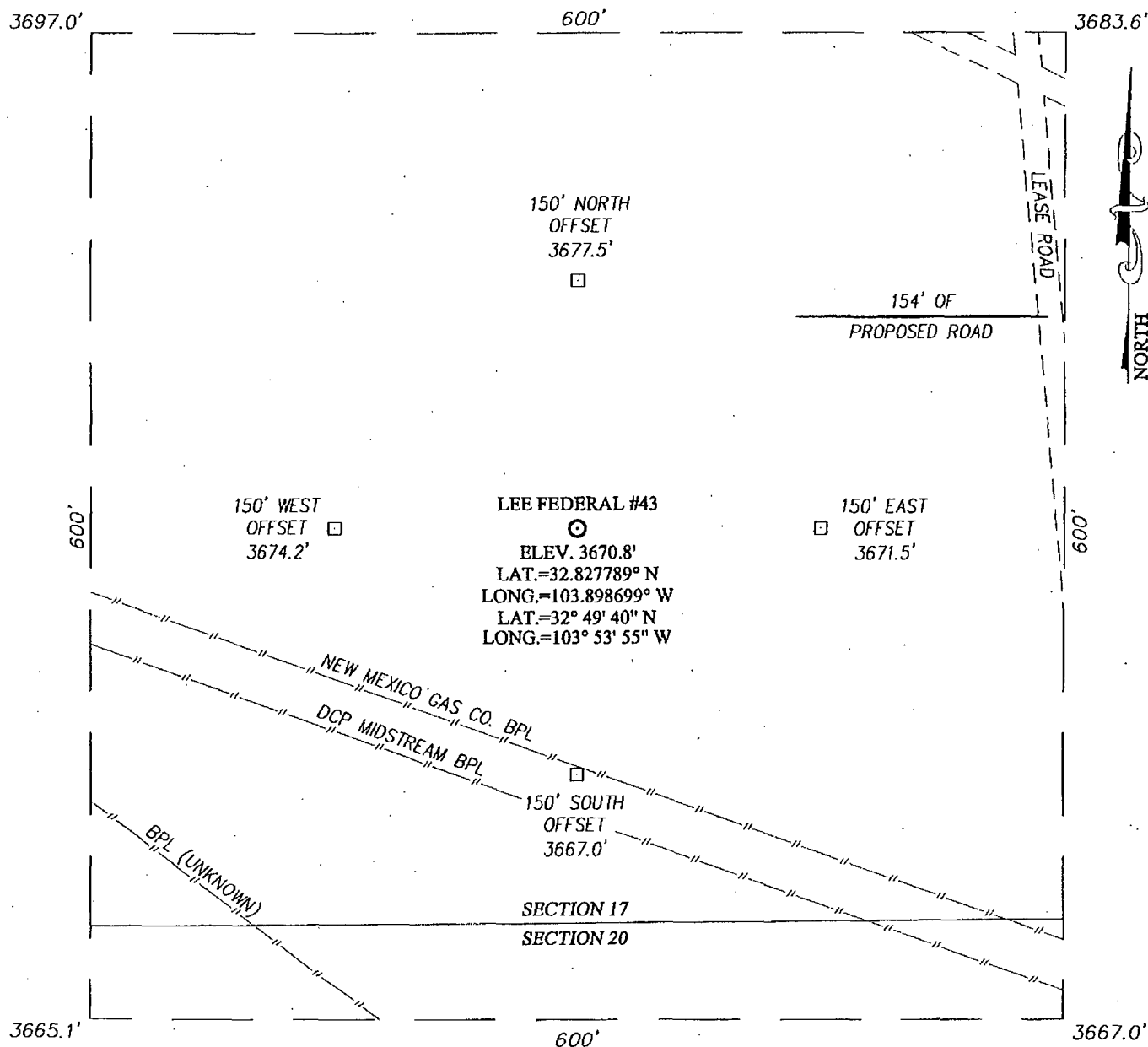
32.82780, -103.89919

EXHIBIT B

Google earth

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. 1.5 MILES. TURN RIGHT AND GO NORTHEAST APPROX. 0.3 MILES. TURN LEFT AND GO NORTHWEST APPROX. 300 FEET. TURN RIGHT AND GO NORTH APPROX. 0.4 MILES TO A PROPOSED ROAD SURVEY. TURN LEFT AND FOLLOW PROPOSED ROAD SURVEY STAKES WEST APPROX. 154 FEET. THIS LOCATION STAKE IS APPROX. 186 FEET SOUTHWEST.



PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

EXHIBIT B

100 0 100 200 Feet
Scale: 1"=100'


APACHE CORPORATION

LEE FEDERAL #43 WELL
LOCATED 240 FEET FROM THE SOUTH LINE
AND 380 FEET FROM THE WEST LINE OF SECTION 17,
TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

Survey Date: 2/17/11 Sheet 1 of 1 Sheets

W.O. Number: 11.11.0344 Dr. By: DSS Rev 1:

Date: 3/3/11 Rel. W.O.: 11110344 Scale: 1"=100'

A photograph of a desert landscape under a clear blue sky. The foreground is a sandy, reddish-brown slope with sparse, dry, yellowish-brown vegetation. A wooden stake with a red flag is planted in the ground, slightly to the right of the center. In the background, the slope continues up to a ridge line. The sky is a uniform, clear blue.

looking North at
Lee Federal 43
center stake

EXHIBIT B

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
1240 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1240 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-39837	Pool Code 978666	Pool Name Cedar Lake MAR LDCO; Glorieta-Yeso
Property Code 308720	Property Name LEE FEDERAL	Well Number 43
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3671'

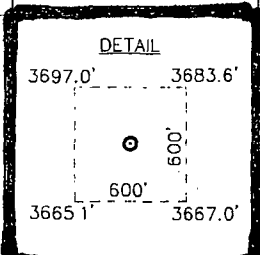
Surface Location

UL or lot No. M	Section 17	Township 17-S	Range 31-E	Lot Idn	Feet from the 240	North/South line SOUTH	Feet from the 380	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	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>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=665135.5 N X=633510.4 E</p> <p>LAT.=32 827789" N LONG.=103 898699" W LAT.=32° 49' 40" N LONG.=103° 53' 55" 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><u>Sorina L. Flores</u> 11/15/11 Signature Date</p> <p><u>Sorina L. Flores</u> Printed Name</p>
	<p>DETAIL</p> <p>3697.0' 3683.6' 600' 3665.1' 3667.0'</p>	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>FEBRUARY 17, 2011</p> <p>Date Surveyed DSS</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>Ronald J. Eidson</u> 3/08/2011 1110344</p> <p>EXHIBIT C</p> <p>Certificate No. GARY O. EIDSON 12641 RONALD J. EIDSON 3239</p>

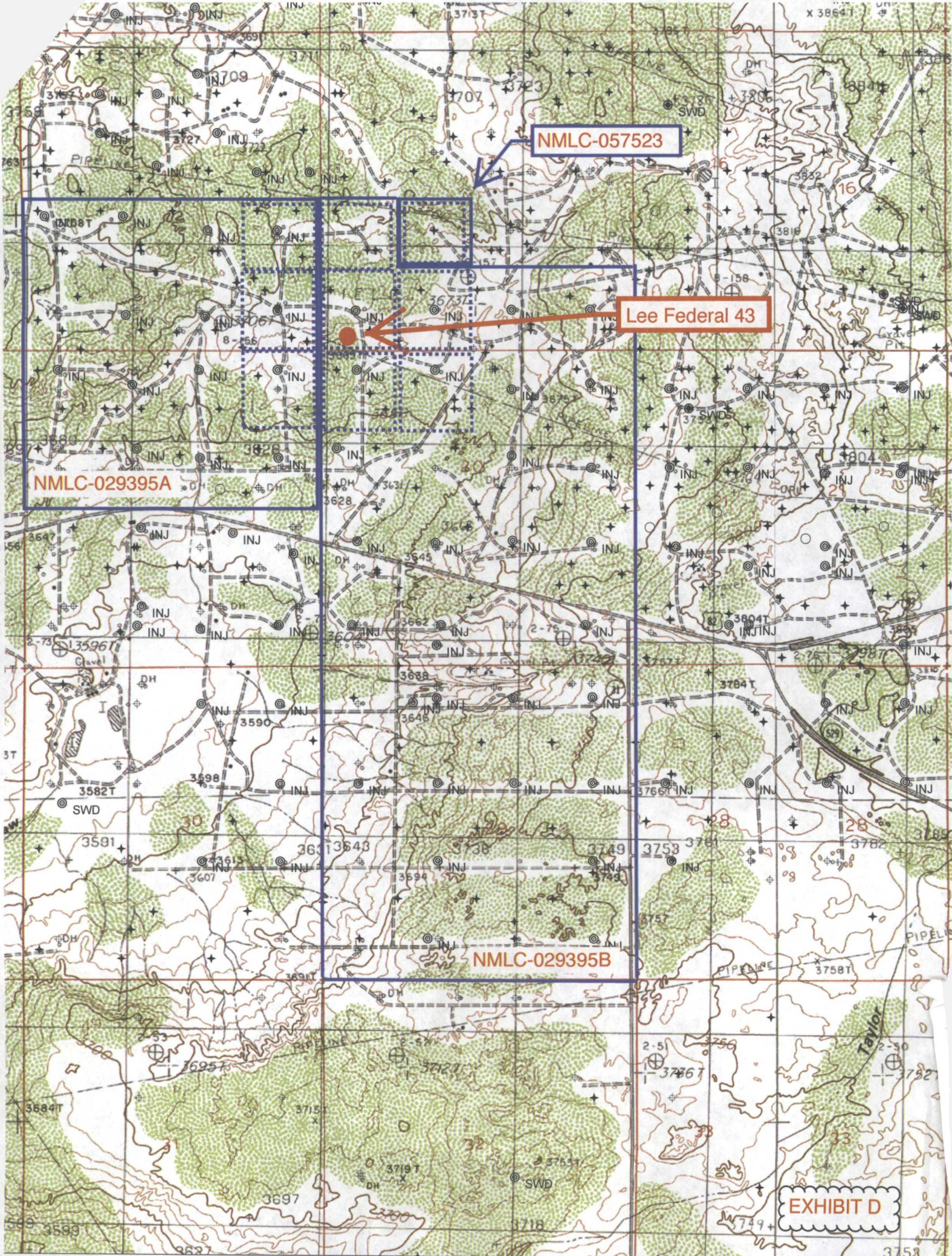
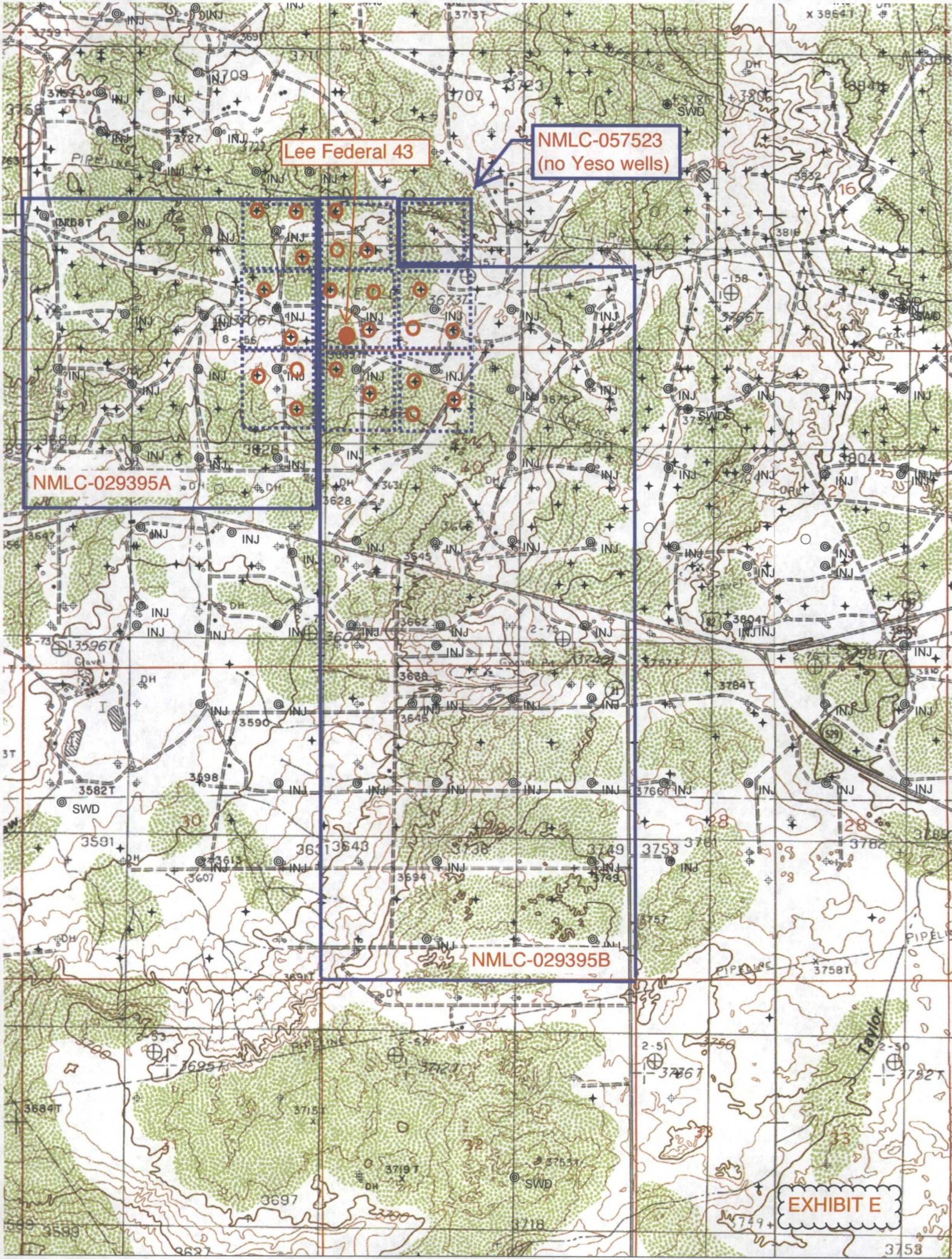


EXHIBIT D



Lee Federal 43

NMLC-057523
(no Yeso wells)

NMLC-029395A

NMLC-029395B

EXHIBIT E

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

September 8, 2012

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

Dear Mr. Evans:

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.

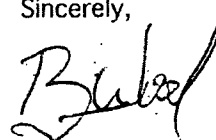
Apache Corporation is applying to produce the following well. The minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 90' further south than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due topography.

Well Name: Lee Federal 43 ID: 6,500'
Proposed NSL Zone: Mar Loco; Glorieta-Yeso
NSL Acreage Dedication: 40 acres (SWSW Section 17)
Location: 240' FSL & 380' FWL Sec. 17, T. 17 S., R.31 E., Eddy County, NM
on BLM lease NMLC-029395B (well is 380' 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

7011 3500 0002 1601 7954

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SEP 10 2012

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT F

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

September 8, 2012

BLM
620 E. Greene
Carlsbad, NM 88220

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.

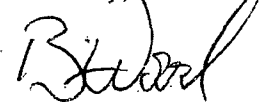
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Proposed NSL Zone: Mar Loco; Glorieta-Yeso
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Please call me if you have any questions.

Sincerely,



Brian Wood

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PS Form 3800, August 2006	
See Reverse for Instructions	

SEP 11 2012

EXHIBIT F