

|         |          |        |          |           |      |    |                    |                   |
|---------|----------|--------|----------|-----------|------|----|--------------------|-------------------|
| 8/28/08 | SUSPENSE | BROOKS | ENGINEER | 8/28/08   | NSL  | SD | NSL PKURO824129412 | SD PKURO824129804 |
| DATE IN |          |        |          | LOGGED IN | TYPE |    | APP NO             |                   |

ABOVE THIS LINE FOR DIVISION USE ONLY

# NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Apache Corp  
A B Baker #4,6,9  
NSL 5930

## ADMINISTRATIVE APPLICATION CHECKLIST SD 200822

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.

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504

Signature

Attorney for Applicant

Title

Date

jamesbruc@aol.com

e-mail Address

RECEIVED  
2008 AUG 28 AM 7 59

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

August 27, 2008

Hand Delivered

Mark E. Fesmire, P.E.  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Apache Corporation applies for administrative approval of simultaneous dedication and an unorthodox gas well location in the Blinebry formation for the following wells:

|                       |                                  |              |
|-----------------------|----------------------------------|--------------|
| <u>Well Name:</u>     | A.B. Baker Well No. 4 (existing) | 30-025-10158 |
| <u>Well Location:</u> | 880 feet FSL & 880 feet FEL      |              |

|                       |                                  |              |
|-----------------------|----------------------------------|--------------|
| <u>Well Name:</u>     | A.B. Baker Well No. 6 (existing) | 30-025-33794 |
| <u>Well Location:</u> | 2135 feet FSL & 829 feet FEL     |              |

|                       |                                  |                             |
|-----------------------|----------------------------------|-----------------------------|
| <u>Well Name:</u>     | A.B. Baker Well No. 9 (proposed) |                             |
| <u>Well Location:</u> | <u>Surface:</u>                  | 875 feet FSL & 470 feet FEL |
|                       | <u>Bottom Hole:</u>              | 360 feet FSL & 360 feet FEL |

|                   |  |
|-------------------|--|
| <u>Well Unit:</u> | E½SE¼ of Section 10, Township 22 South, Range 37 East,<br>N.M.P.M., Lea County, New Mexico |
|-------------------|--|

Under Order No. R-8170, as amended, the Blinebry Oil and Gas Pool has gas well spacing of 160 acres, with wells to be no closer than 660 feet to a quarter section line. The E½SE¼ of Section 10 (comprising a single lease) was approved as a non-standard gas spacing and proration unit in the Blinebry Oil and Gas Pool by Administrative Order NSP-932. The A.B. Baker Well No. 4 was the first well in the unit. **Exhibit A.** Subsequently, the A.B. Baker Well No. 6 was completed in the Blinebry formation. **Exhibit B.** Simultaneous dedication and an unorthodox location for the A.B. Baker Well No. 6 were approved by Administrative Order NSL-3964(SD).

Applicant desires to drill the A.B. Baker Well No. 9 (**Exhibit C**) at the above unorthodox location, and simultaneously dedicate the E½SE¼ of Section 10 to the Nos. 4, 6, and 9 wells.

This application is based on engineering reasons: Applicant believes there are undrained reserves which will be recovered by a third well on the well unit. Production from the existing Blinebry wells on the well unit is as follows:

A.B. Baker Well No. 4: 0 MCFD (last production 84 MCFD in February 2008)

A.B. Baker Well No. 6: 4 MCFD

Apache Corporation has drilled over 100 Blinebry, Tubb, and Drinkard wells to the north in Township 21 South–Range 37 East over the last 5 years. The geological deposition environment of the formations is very conducive to compartmentalization of reservoir intervals. Open hole wireline pressure tests often record higher than expected pressures in intervals that appear to be connected on logs, supporting the compartmentalization interpretation. Calculation of drainage areas from both performance and log data indicate that drainage is usually less than 20 acres for all three reservoirs, and can often approach 10 acres whether they are classified as oil or gas wells. It is often hard to explain why certain wells produce as oil wells rather than gas, or as gas wells rather than oil. Some wells will vary from month to month as to gas:oil ratio, first appearing to be an oil well, then gas well, then back to oil. (A gas well is defined in the pool rules as a well with a gas:oil ratio of 50,000:1 or more.)

The bottom hole location moves away from the existing A.B. Baker Well No. 4, and affords the interest owners in the well unit the opportunity to recover reserves that would otherwise be left in the ground. The Blinebry Oil and Gas Pool is prorated, with a gas allowable of 70,200 /month (**Exhibit D**). Production from the well unit, including the proposed well, will not exceed that rate.

**Exhibit E** is a land plat. The Division's records reflect that the offset operators in the Blinebry formation are as follows:

SE¼NE¼ §10

Chevron U.S.A. Inc.

W½NE¼ §10

Chevron U.S.A. Inc.

SW¼ and W½SE¼ §10

Chevron U.S.A. Inc.

N½ §11

Chesapeake Operating, Inc.

Marathon Oil Company

SW $\frac{1}{4}$  §11

John H. Hendrix Corporation

N $\frac{1}{2}$  §14

Chevron U.S.A. Inc.

NE $\frac{1}{4}$  §15

John H. Hendrix Corporation

Notice has been given to the offsets by the letter attached as **Exhibit F**.

Please call me if you need any further information on this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Apache Corporation

**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form: C-128  
Supp. 1-4-65  
Effect: 1-4-65

All distances must be from the outer boundaries of the Section.

|                                       |                      |                         |                            |                      |                      |
|---------------------------------------|----------------------|-------------------------|----------------------------|----------------------|----------------------|
| or<br><b>Amerada Hess Corporation</b> |                      |                         | Lease<br><b>A.B. Baker</b> |                      | Well No.<br><b>4</b> |
| Letter<br><b>P</b>                    | Section<br><b>10</b> | Township<br><b>22-S</b> | Range<br><b>37-E</b>       | County<br><b>Lea</b> |                      |

Actual Footage Location of Well:  
**880** feet from the **South** line and **880** feet from the **East** line

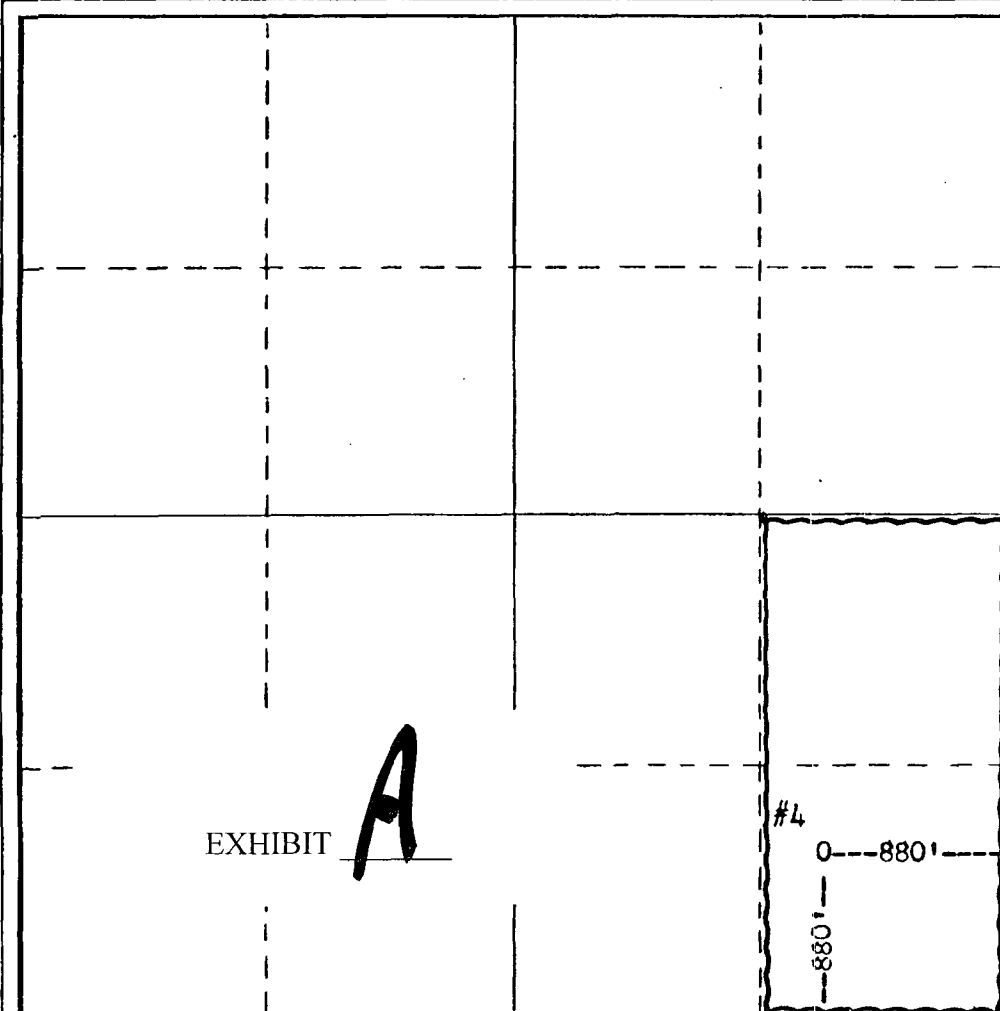
|                                       |  |                             |                                       |
|---------------------------------------|--|-----------------------------|---------------------------------------|
| Ground Level Elev.<br><b>3387' DF</b> | Producing Formation<br><b>Blinebry</b> | Pool<br><b>Blinebry Gas</b> | Dedicated Acreage:<br><b>80</b> Acres |
|---------------------------------------|--|-----------------------------|---------------------------------------|

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.*

Name: [Signature]  
 Position: Area Superintendent  
 Company: Amerada Hess Corporation  
 Date: October 2, 1973

*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 knowledge and belief.*

Date Surveyed: \_\_\_\_\_  
 Registered Professional Engineer and/or Land Surveyor: \_\_\_\_\_

Certificate No. \_\_\_\_\_

District II  
PO Drawer DD, Artesia, NM 88211-0719

District III  
1000 Rio Brasos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

## JIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|   |                            |   |                                       |   |   |
|---|----------------------------|---|---------------------------------------|---|---|
| 1 | API Number<br>30-025-33794 | 2 | Pool Code<br>72480                    | 3 | Pool Name<br>Blinebry Oil & Gas (Pro'Gas) |
| 4 | Property Code              | 5 | Property Name<br>A.B. Baker           | 6 | Well Number<br>6                          |
| 7 | OCRD No<br>004874          | 8 | Operator Name<br>Collins & Ware, Inc. | 9 | Elevation<br>3385                         |

<sup>10</sup>Surface Location

|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| 1             | 10      | 22 S     | 37 E  |         | 2135          | South            | 829           | East           | Lea    |

<sup>11</sup>Bottom Hole Location If Different From Surface

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

|                          |                    |                       |                               |
|--------------------------|--------------------|-----------------------|-------------------------------|
| 12 Dedicated Acres<br>80 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No.<br>NSL-3964 (SD) |
|--------------------------|--------------------|-----------------------|-------------------------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNIT! ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|    |   |
|----|---|
| 16 | <div style="position: relative; width: 100%; height: 100%;"> <div style="position: absolute; top: 10%; left: 10%; width: 50%; height: 50%; border: 1px solid black;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);"> <p>A.B. Baker No. 6<br/>Elev. 3385'</p> <p style="margin-left: 100px;">829'</p> <p style="margin-left: 100px;">2135'</p> </div> </div> |
|    | <div style="position: relative; width: 100%; height: 100%;"> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-size: 48px; font-weight: bold;">B</div> </div>   |

EXHIBIT B

2.5 Miles SE of Eunice New Mexico.

File No. A-0969

DISTRICT I  
1825 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 and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|               |                                     |                    |
|---------------|-------------------------------------|--------------------|
| API Number    | Pool Code                           | Pool Name          |
| Property Code | Property Name<br>AB BAKER           | Well Number<br>9   |
| OGRID No.     | Operator Name<br>APACHE CORPORATION | Elevation<br>3381' |


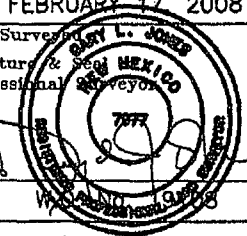
**Surface Location**

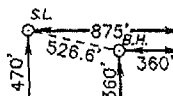
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 10      | 22 S     | 37 E  |         | 470           | SOUTH            | 875           | EAST           | LEA    |

**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 |
|-----------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| P               | 10              | 22 S               | 37 E      |         | 360           | SOUTH            | 360           | EAST           | LEA    |
| Dedicated Acres | 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

|   |  |  |   |
|---|--|--|---|
| <div style="text-align: center;">  <p>EXHIBIT C</p> </div> | <p><b>SURFACE LOCATION</b><br/>Lat - N32°24'01.60"<br/>Long - W103°08'42.85"<br/>SPC- N.: 511455.590<br/>E.: 908034.246<br/>(NAD-83)</p> | <p><b>BOTTOM HOLE LOCATION</b><br/>Lat - N32°24'00.5"<br/>Long - W103°08'38.9"<br/>SPC- N.: 511345.590<br/>E.: 908549.246<br/>(NAD-83)</p> | <p><b>OPERATOR CERTIFICATION</b></p> <p>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 undivided mineral interest in the land including the proposed bottom hole 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 heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> |
|   |  |  | <p><b>SURVEYOR CERTIFICATION</b></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 2008</p> <p>Date Surveyed _____</p> <p>Signature _____</p> <p>Professional Surveyor</p>  |
|   |  |  |    |
|   |  |  | <p>Certificate No. Gary L. Jones 7977</p> <p><b>Basin Surveys</b></p>   |



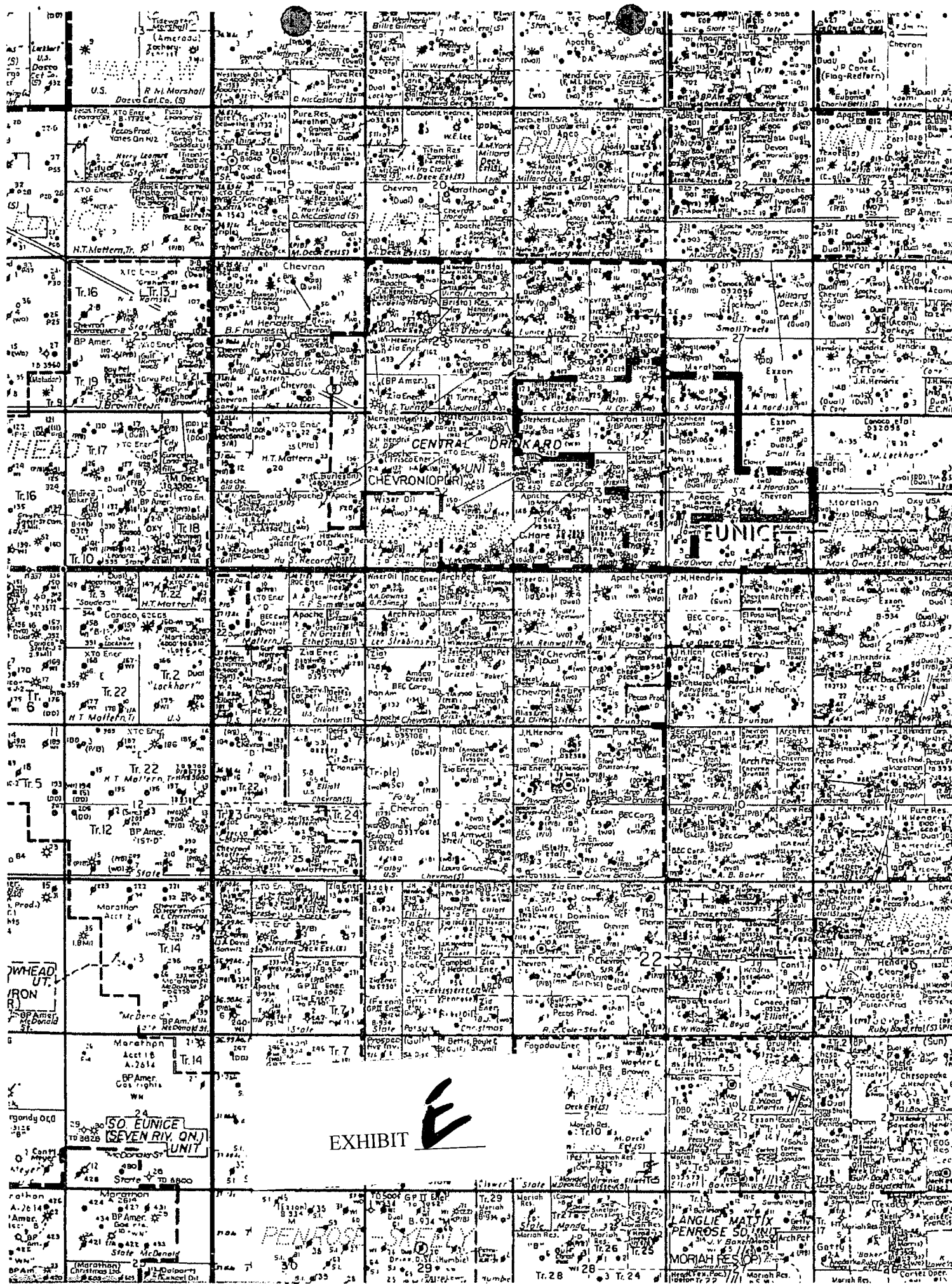
**Oil Conservation Division  
Proposed Allowable Allocation Factors  
New Mexico Prorated Pools  
April, 2000 through September, 2000**

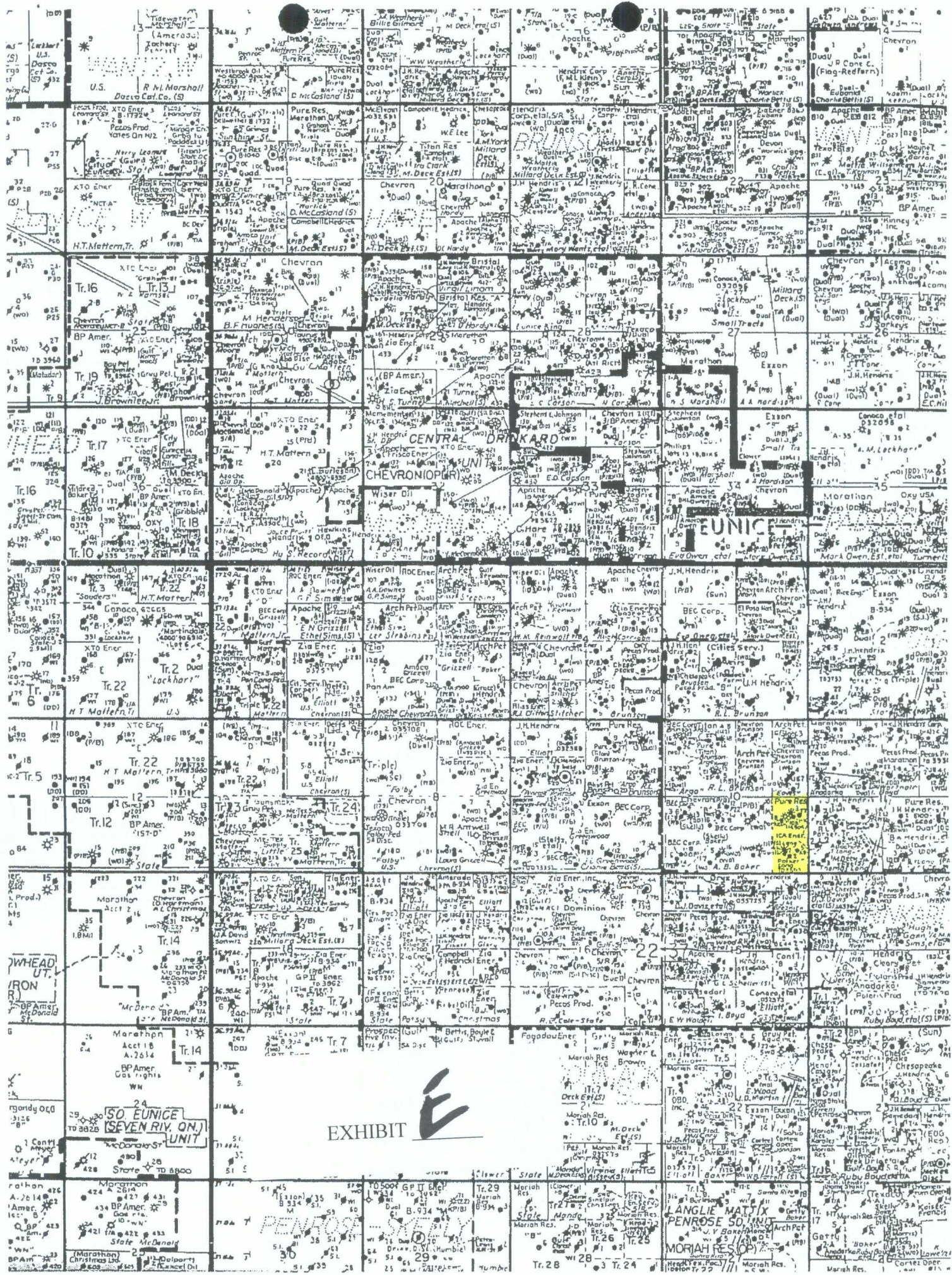
**Southeast New Mexico**

| Pool                          | Monthly Allocation<br>Factor (F.) |
|-------------------------------|-----------------------------------|
| Atoka Penn                    | 24,000                            |
| Blinebry Oil and Gas          | 70,200                            |
| Buffalo Valley Penn           | 33,000                            |
| Eumont Yates 7 Rivers Queen   | 38,000                            |
| Indian Basin Upper Penn       | 200,000                           |
| Jalmat Tansill Yates 7 Rivers | 18,300                            |
| Justis Glorieta               | 18,300                            |
| Tubb Oil and Gas              | 18,425                            |

**Northwest New Mexico**

| Pool                     | Monthly Allocation<br>Factor (F1) | Monthly Acreage x<br>Deliverability<br>Factor (F2) |
|--------------------------|-----------------------------------|--|
| Basin Dakota             | 11,163                            | 14.04  |
| Blanco Mesaverde         | 5,771                             | 26.14  |
| Blanco P. C. South       | 440                               | 28.18  |
| Tapacito Pictured Cliffs | 467                               | 19.79  |





**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

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(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

August 27, 2008

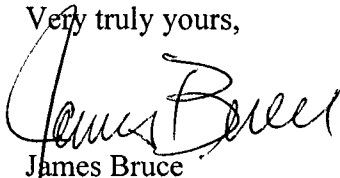
CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an administrative application, filed with the New Mexico Oil Conservation Division by Apache Corporation, seeking approval of simultaneous dedication, *etc.* in the Blinebry Oil and Gas Pool in the E½SE¼ of Section 10, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. If you object to the application, you must notify the Division in writing within 20 days of the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Apache Corporation

EXHIBIT



EXHIBIT A

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705

Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

Marathon Oil Company  
P.O. Box 3487  
Houston, Texas 77253

John H. Hendrix Corporation  
P.O. Box 3040  
Midland, Texas 79702