

DATE IN <u>11-16-09</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>11-16-09</u>	TYPE <u>NSL</u>	PTGW APP NO. <u>0932032788</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

J.R. Phillips Well No. 10

ADMINISTRATIVE APPLICATION CHECKLIST

30-025-39148

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATION 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.

Kevin Mayes
 Print or Type Name

Kevin Mayes
 Signature

Sr. Engr. Advisor 11/12/09
 Title Date

Kevin.mayes@apachecorp.com
 e-mail Address

*New
 NSL-5914-B²
 to include
 Drin Karl & Tubb*

**Application of Apache Corporation
for Administrative Approval of an Unorthodox Well Location
Revision to Administrative Order NSL-5914-A**

J.R. Phillips #10 – 1110' FNL & 1240' FEL
Unit A, Section 1, Township 20 South, Range 36 East, NMPM
Lea County, New Mexico

PRIMARY OBJECTIVES: Drinkard and Tubb

In support:

1. Apache Corporation is the operator of the recently drilled J.R. Phillips #10 well which was granted NSL approval for the ABO, Blinbry and Paddock pools in Orders NSL-5914 and 5914-A (**Exhibit 1**).
2. The pool rules that apply to this application are the Monument; Drinkard or Wildcat, and the Monument; Tubb, West (gas) pools (**Exhibit 2**). A Drinkard completion will encroach on spacing units A, B, G, and H. The Drinkard has not produced in any of these four proration units but appears commercial based on recent swab tests. The well is currently shut-in waiting on this application. Application for the Tubb is made because it encroaches within 330' of the center quarter-quarter point. The working and royalty interests are common in all four spacing units and all zones. The operator's working interest is 100%.
3. The J.R. Phillips #10 should not drain an area from the Drinkard nor Tubb formations that is in excess of the proration unit size.

a. Geology

The Drinkard and Tubb are members of the Permian Leonardian aged carbonates of the central basin platform. The formations are a shallow marine carbonate consisting primarily of dolomite. Anhydrite can occur throughout the interval. Porosity and permeability are low. Wells are not generally capable of drainage of a full 40 acre spacing unit.

b. Drainage

No attempt was made to calculate drainage due to having no analogous offset production information to assign reserves. However, enough characteristic is developed on the recently run logs to justify a completion attempt.

4. The Drinkard and Tubb have not produced in any of the proration units which the J.R. Phillips #10 encroaches.
5. Approval of this application will afford interest owners in these spacing units opportunity to recover oil and gas which would not otherwise be recovered and to do so without violating correlative rights.
6. The unorthodox location does not encroach on other parties outside of Apache corporation, therefore no party notification is required.



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 17, 2008

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5914-A

Administrative Order NSL-5914 is hereby amended to read as follows:

**Re: Apache Corporation
J.R. Phillips Well No. 10
API No. 30-025-
1110 feet FNL and 1240 feet FEL
Unit A, Section 1-20S-36E, NMPM
Lea County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-22457432**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation (Apache), on August 11, 2008,

(b) your amended application (**administrative application reference No. pDKB08-26132082**) submitted to the Division in Santa Fe, New Mexico, on behalf of Apache on September 16, 2008, and

(c) the Division's records pertinent to this request.

Apache has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 NE/4 of Section 1 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Monument-Paddock Pool (47080), the Monument-Blinbry Pool (46990) and the Monument-Abo Pool (46970). These pools are governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.



September 17, 2008

Page 2

Your application and amended application on behalf of Apache have been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location because Apache's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to Apache's being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Administrative Order NSL-5914, issued September 4, 2008, is superseded in its entirety by this order.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



2 Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 4, 2008

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5914

Re: Apache Corporation
J.R. Phillips Well No. 11
API No. 30-025-
1310 feet FNL and 1310 feet FEL
Unit A, Section 1-20S-36E, NMPM
Lea County, New Mexico

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-22457432**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Apache Corporation (Apache), on August 11, 2008, and

(b) the Division's records pertinent to this request.

Apache has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 NE/4 of Section 1 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Monument-Paddock Pool (47080), the Monument-Blinbry Pool (46990) and the Monument-Abo Pool (46970). These pools are governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.

Your application on behalf of Apache has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).



September 4, 2008

Page 2

It is our understanding that you are seeking this location because Apache's geologic interpretation indicates that the well can tap into stranded reserves located on the margins of existing spacing units that cannot be effectively drained by wells located at standard locations.

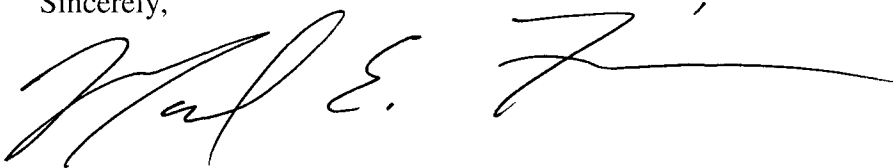
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to Apache's being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs

NE 1/4 Section 1 T2N 20S R10E 36E

PHILLIPS JR 1



PHILLIPS 1

PHILLIPS JR 9



PHILLIPS JR 9

PHILLIPS JR 5



PHILLIPS JR 5

JR PHILLIPS 9

112,542
143,242

JR PHILLIPS 5

204,726

PHILLIPS 4 PHILLIPS JR 4



PHILLIPS JR 4

JR PHILLIPS 6

331,050
318,886

APA
W.I. 100%

PROP_PHILLIPS #10

PHILLIPS JR 7

PHILLIPS 2

PHILLIPS JRH 2



PHILLIPS JR 7

PHILLIPS 7

141,231
24,580

JR PHILLIPS UNIT 3



PHILLIPS JR GAS UN 3

JR PHILLIPS 8



JR PHILLIPS 8 JR PHILLIPS 8

APACHE CORPORATION

Exhibit 2 (Paddock Production Base Map)



POSTED WELL DATA



ATTRIBUTE MAP
Zone: EMPROD - O_PADDOCK IS PRESENT



WELL SYMBOLS

- Oil Well
- Gas Well
- Abandoned Oil Well
- Active Producer
- Pud Location

By: Josh Hegg

August 5, 2008

NE 1/4 Section 1 TWN 20S RNG 36E

PHILLIPS JR 1
PHILLIPS 1

PHILLIPS JR 9
PHILLIPS JR 5
JR PHILLIPS 5
JR PHILLIPS 9
3.059

PHILLIPS 4
PHILLIPS JR 4
PHILLIPS JR 4
JR PHILLIPS 6

APA
W.I. 100%
PROP_PHILLIPS #10

PHILLIPS JR 7
PHILLIPS 2
PHILLIPS JRH 2
PHILLIPS JR 7
PHILLIPS 7

JR PHILLIPS UNIT 3
PHILLIPS JR GAS UN 3
JR PHILLIPS 8
JR PHILLIPS 8
JR PHILLIPS 8

APACHE CORPORATION

Exhibit 3 (Blinebry Production Base Map)



POSTED WELL DATA

Well Log
FMPROD - O_BLINEBRY

ATTRIBUTE MAP
Zone: FMPROD - O_BLINEBRY IS PRESENT

WELL SYMBOLS
Oil Well
Gas Well
Abandoned Oil Well
Active Producer
Pud Location

By: Josh Hegg
August 5, 2008

NE 1/4 Section 1 TWN 20S RNG 36E

PHILLIPS JR 1



PHILLIPS JR 5



PHILLIPS JR 9

JR PHILLIPS 5

JR PHILLIPS 5
15,310
130,026

PHILLIPS 4 PHILLIPS JR 4



PHILLIPS JR 4

JR PHILLIPS 6

APA
W.I. 100%

PROP_PHILLIPS #10

PHILLIPS JR 7



PHILLIPS JRH 2

PHILLIPS JR 7
60,760
129,590

JR PHILLIPS UNIT 3



PHILLIPS JR GAS UN 3



PHILLIPS 8

JR PHILLIPS 8

JR PHILLIPS 8

APACHE CORPORATION

Exhibit 4 (Abo Production Base Map)



POSTED WELL DATA



ATTRIBUTE MAP
Zone: FMPROD - O_ABO IS PRESENT

- WELL SYMBOLS
- Oil Well
 - Gas Well
 - Abandoned Oil Well
 - Active Producer
 - Pud Location

By: Josh Hegg
August 5, 2008



Apache
CORPORATION

Monument

Structure - Top Paddock

CL: 25'

Exhibit No. 5



FEET

ATTRIBUTE MAP

 Paddock Producer

WELL SYMBOLS

 Oil Well

 Gas Well

 Abandoned Oil Well

 Active Producer

By: Bret Pearcy

August 6, 2008

