

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



1937
Apache
Lou Worthan

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]

12 wells in Lea Co

[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 _____

RECEIVED OGD
 2009 DEC - 3 A 11: 16

[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.

Michelle Hanson		Landman	11/25/09
Print or Type Name	Signature	Title	Date
		Michelle.hanson@apachecorp.com	
		e-mail Address	



6120 S. YALE / SUITE 1500 / TULSA, OKLAHOMA 74136

Central Region Land Department
(918) 491-4900
(918) 491-4854 (FAX)

December 1, 2009

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

Dear Mr. Fesmire,

Apache Corporation respectfully requests administrative approval for several non-standard 40 acre gas well units in the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool. The following wells, located in the N½ of Section 11, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico (applicant's Lou Worthan Lease), are involved in this application:

30-025

- Lou Worthan 4, located 1980 feet FNL and 1980 feet FEL - 10213 ~~C~~
- Lou Worthan 5, located 660 feet FNL and 1980 feet FWL - 10214 ~~B C~~
- Lou Worthan 9, located 1905 feet FNL and 440 feet FWL - 10218 ~~E~~
- Lou Worthan 10, located 585 feet FNL and 660 feet FWL - 10219 ~~D~~
- Lou Worthan 11, located 1905 feet FNL and 2055 feet FWL - 10220 ~~F~~
- Lou Worthan 12, located 1980 feet FNL and 560 feet FEL - 10221 ~~H~~
- Lou Worthan 14, located 520 feet FNL and 330 feet FEL - 25255 ~~A~~
- Lou Worthan 15, located 1980 feet FNL and 1860 feet FEL - 25304 ~~G~~
- Lou Worthan 16, located 330 feet FNL and 1980 feet FEL - 25383 ~~I~~
- Lou Worthan 18, located 1905 feet FNL and 860 feet FEL - 25568 ~~H~~
- Lou Worthan 19, located 680 feet FNL and 880 feet FWL - 29469 ~~D~~
- Lou Worthan 21, located 660 feet FNL and 1350 feet FEL - 33426 ~~B~~

A plat of the Lou Worthan Lease, identifying the wells involved in this application, is attached as **Exhibit A**.

The above wells produce from the Blinebry and Tubb formations, among other formations. Under Division Order No. R-8170, as amended, spacing in both the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool is 160 acres for gas wells, and 40 acres for oil wells. The rules provide for non-standard gas well units of less than 160 acres. A gas well in each pool is defined as a well producing at a GOR of 50,000:1 or greater. Acreage dedicated to a gas well shall not be simultaneously dedicated to an oil well.

The wells involved in this application, the quarter-quarter sections in which the wells are located, their acreage dedications and current gas/oil status and their approximate YTD GOR's in the Blinebry and Tubb formations, are as follows:

	Lou Worthan 4 (SW¼NE¼)	Lou Worthan 5 (NE¼NW¼)	Lou Worthan 9 (SW¼NW¼)	Lou Worthan 10 (NW¼NW¼)	Lou Worthan 11 (SE¼NW¼)	Lou Worthan 12 (SE¼NE¼)
Blinebry	40 acres (oil) 22,000	160 acres (gas) 52,000	160 acres (gas) ¹ 38,000		40 acres (oil) ² 127,000	160 acres (gas) 145,000
Tubb			160 acres (gas) 5,000 (no oil)	160 acres (gas) 79,000	160 acres (gas) ² 10,000	
	Lou Worthan 14 (NE¼NE¼)	Lou Worthan 15 (SW¼NE¼)	Lou Worthan 16 (NW¼NE¼)	Lou Worthan 18 (SE¼NE¼)	Lou Worthan 19 (NW¼NW¼)	Lou Worthan 21 (NW¼NE¼)
Blinebry					160 acres (gas) ⁴ 41,000	160 acres (gas) 154,000
Tubb	160 acres (gas) ³ 42,000	160 acres (gas) 89,000	40 acres (oil) 1,000	40 acres (oil) 13,000		

Notes:

- (1) Well No. 9 is now producing as an oil well in the Blinebry formation.
- (2) Well No. 11 is now producing as a gas well in the Blinebry formation and as an oil well in the Tubb formation.
- (3) Well No. 14 is now producing as an oil well in the Tubb formation.
- (4) Well No. 19 is now producing as an oil well in the Blinebry formation.

Applicant requests that all wells be granted 40-acre spacing in the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool, whether for oil or gas. This will eliminate overlapping well units for oil and gas wells, and will facilitate further development of the Lou Worthan Lease. In addition, further GOR changes in the wells will not require a reclassification and well unit change. If granted, the following well units will be in effect:

	Lou Worthan 4 (SW¼NE¼)	Lou Worthan 5 (NE¼NW¼)	Lou Worthan 9 (SW¼NW¼)	Lou Worthan 10 (NW¼NW¼)	Lou Worthan 11 (SE¼NW¼)	Lou Worthan 12 (SE¼NE¼)
Blinebry	40 acres (oil)	40 acres (gas)	40 acres (oil)	—	40 acres (gas)	40 acres (gas)
Tubb	—	—	40 acres (gas)	40 acres (gas)	40 acres (oil)	—
	Lou Worthan 14 (NE¼NE¼)	Lou Worthan 15 (SW¼NE¼)	Lou Worthan 16 (NW¼NE¼)	Lou Worthan 18 (SE¼NE¼)	Lou Worthan 19 (NW¼NW¼)	Lou Worthan 21 (NW¼NE¼)
Blinebry	—	—	—	—	40 acres (oil)	40 acres (gas)
Tubb	40 acres (oil)	40 acres (gas)	40 acres (oil)	40 acres (oil)	—	—

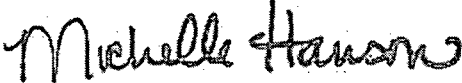
A land plat with a listing of the operators of all quarter sections offsetting the N½ of Section 11 is marked **Exhibit B**. Notice was given to all operators by the letter attached as **Exhibit C**.

Interest ownership within the N½ of Section 11 is common, so no one in the quarter section has been notified of this application.

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

Sincerely,

APACHE CORPORATION

A handwritten signature in black ink that reads "Michelle Hanson". The signature is written in a cursive style with a large, prominent "M" and "H".

Michelle Hanson

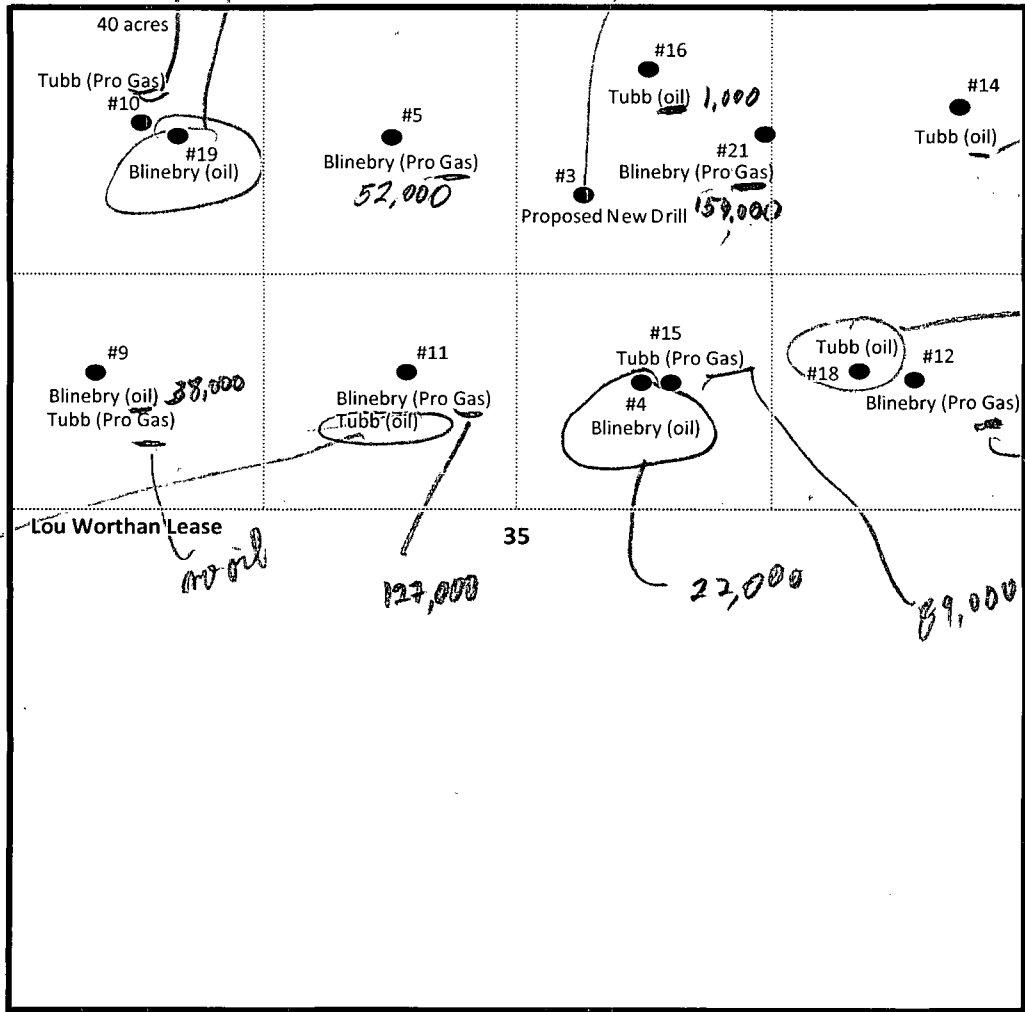
Landman

(918) 491-4838 direct

(918) 491-4854 fax

Michelle.hanson@apachecorp.com

30-025-39549
990 FNL & 2310 FEL



10,000

oil

35

127,000

22,000

89,000



EXHIBIT A

Lou Worthan Lease
Non-Standard Gas Proration
Units
Blinebry Oil & Gas Pool &
Tubb Oil & Gas Pool
Section 11-T22S-R37E
Lea County, New Mexico
Scale: 1" = 1000'

OFFSET OPERATORS

BEC Corporation
P.O. Box 1392
Midland, TX 79702

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

Chevron U.S.A., Inc.
Attn: NOJV Group
1400 Smith Street
Houston, TX 77002

ExxonMobil Coporation
P.O. Box 4610
Houston, TX 77210

John H. Hendrix Corporation
110 N. Marienfield, Suite 400
Midland, TX 79701-4400

ICA Energy Operating, LLC
P.O. Box 2712
Odessa, TX 79760

J. R. Oil Limited Company
3500 N. Acoma
Hobbs, NM 88240

Legacy Reserves Operating, L.P.
303 W. Wall Street, Suite 1400
Midland, TX 79701

Oxy USA, Inc.
Attn: Robbie Abraham
5 Greenway Plaza, Suite 1100
Houston, TX 77046-0521

Range Operating New Mexico, Inc.
100 Throckmorton St., Suite 1200
Fort Worth, TX 76102

OFFSET OPERATORS (continued)

Rice Operating Company
122 West Taylor
Hobbs, New Mexico 88240

Zachary Oil Operating Company
6300 Ridglea Place, Ste 605
Fort Worth, TX 76116

Exhibit C



6120 S. YALE / SUITE 1500 / TULSA, OKLAHOMA 74136

Central Region Land Department
(918) 491-4900
(918) 491-4854 (FAX)

December 1, 2009

OFFSET OPERATORS

RE: Administrative approval for
Non-Standard Gas Spacing Units
Township 22 South, Range 37 East;
Section 11: N $\frac{1}{2}$ (Lou Worthan Lease)
Lea County, New Mexico

Offset Operators,

Enclosed is a copy of Apache Corporation's application, filed with the New Mexico Oil Conservation Division, seeking approval of non-standard 40-acre gas well units in the Blinbry Oil and Gas and Tubb Oil & Gas Pools for wells in the N $\frac{1}{2}$ of Section 11, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

If you object to the application, you should file a written objection with the Oil Conservation Division's Santa Fe office within 20 days from the date of this letter. Otherwise, the application may be granted without further notice.

If you require additional information, please contact the undersigned at (918) 491-4838.

Sincerely,
APACHE CORPORATION

A handwritten signature in cursive script that reads "Michelle Hanson".

Michelle Hanson
Landman
(918) 491-4854 fax
Michelle.hanson@apachecorp.com

Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Tuesday, December 08, 2009 3:46 PM
To: Brooks, David K., EMNRD
Subject: Lou Worthan; NSP application
Attachments: Lou Worthan_NSP App_Plat.pdf

Hi David,

Attached is a list and plat depicting the Offset Owners to Apache Corporation's Lou Worthan Lease in the N/2 Sec 11-22S-37E.

Please let me know if you have any questions.

Thank you,

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

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Lou Worthan NSP Application

Township 22 South, Range 37 East, Lea County, New Mexico

Tracts adjoining the N/2 of Section 11

Section 1:

SW/4: John H. Hendrix Corporation
W/2SW/4: Legacy Reserves Operating, L.P.

Section 2:

S/2: Apache Corporation

Section 3:

SE/4: John H. Hendrix Corporation
Oxy USA, Inc.

Section 10:

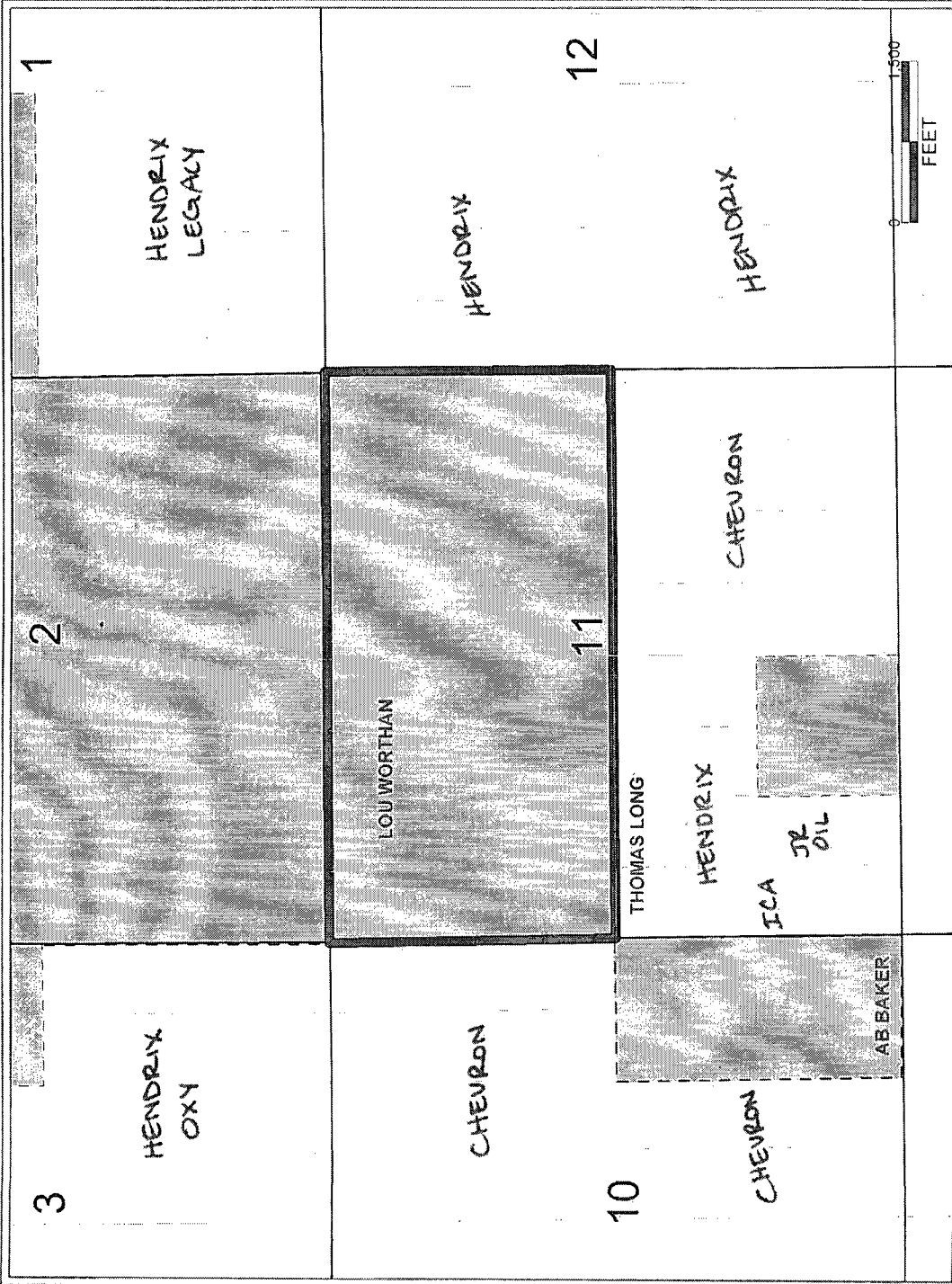
NE/4 and
W/2SE/4: Chevron U.S.A., Inc.
E/2SE/4: Apache Corporation

Section 11:

SW/4: John H. Hendrix Corporation
W/2SW/4: ICA Energy Operating, LLC
E/2SW/4: J. R. Oil Limited Company
SE/4: Chevron U.S.A., Inc.

Section 12:

W/2: John H. Hendrix Corporation



Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, December 15, 2009 2:01 PM
To: 'Hanson, Michelle'
Subject: Lou Wortham lease - N/2 11-22S-37E; NSP Application

Dear Ms. Hanson

The list of affected persons for this application that you furnished with your email of 12/8 lists only Apache for the S/2 of Section 2. I therefore assume that Apache is the operator of that area, at least for the Blinbry and Tubb formations. Is Apache 100% working interest owner of the S/2 of Section 2? If not, is working interest ownership in the S/2 of Section 2 identical to that in the N/2 of Section 11?

If neither of the above applies, any other working interest owners would need to be notified of this application.

Sincerely

David K. Brooks
Legal examiner

Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Tuesday, December 15, 2009 2:22 PM
To: Brooks, David K., EMNRD
Subject: RE: Lou Wortham lease - N/2 11-22S-37E; NSP Application
Attachments: Lou Worthan_NSP App_Offset Owners.docx

Hi David,

This is another list I should have listed ExxonMobil as the Operator in Sec 2 since Exxon is the operator of the B-T-D formations. Exxon was notified of Apache's application via letter dated 12/1/09. Apache is 100% working interest owner in the N/2 of Section 11, as well as in the E/2SE/4 Section 10. Apache is 100% WIO as to the B-T formations in the SE/4SW/4 of Sec 11. John H. Hendrix Corp. is the operator of the Drinkard formation in the SE/4SW/4 of Sec 11 and Hendrix was notified of Apache's application via letter dated 12/1/09.

Please see attached corrected offset owner list.

I greatly appreciate your patience with my mistakes! I'm learning so much as I go.

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, December 15, 2009 3:01 PM
To: Hanson, Michelle
Subject: Lou Wortham lease - N/2 11-22S-37E; NSP Application

Dear Ms. Hanson

The list of affected persons for this application that you furnished with your email of 12/8 lists only Apache for the S/2 of Section 2. I therefore assume that Apache is the operator of that area, at least for the Blinebry and Tubb formations. Is Apache 100% working interest owner of the S/2 of Section2? If not, is working interest ownership in the S/2 of Section 2 identical to that in the N/2 of Section 11?

If neither of the above applies, any other working interest owners would need to be notified of this application.

Sincerely

David K. Brooks
Legal examiner

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Lou Worthan NSP Application

Township 22 South, Range 37 East, Lea County, New Mexico

Tracts adjoining the N/2 of Section 11

Section 1:

SW/4: John H. Hendrix Corporation
W/2SW/4: Legacy Reserves Operating, L.P.

Section 2:

S/2: ExxonMobil Coporation

Section 3:

SE/4: John H. Hendrix Corporation
Oxy USA, Inc.

Section 10:

NE/4 and
W/2SE/4: Chevron U.S.A., Inc.
E/2SE/4: Apache Corporation

Section 11:

SW/4: John H. Hendrix Corporation
W/2SW/4: ICA Energy Operating, LLC
E/2SW/4: J. R. Oil Limited Company
SE/4: Chevron U.S.A., Inc.

Section 12:

W/2: John H. Hendrix Corporation

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, January 12, 2010 10:22 AM
To: 'Hanson, Michelle'
Cc: Kautz, Paul, EMNRD; 'llrwb@austin.rr.com'
Subject: Lou Wortham Wells, Lea County NM; NSP application ---- DC Hardy Well No. 11, Lea County NM; NSL application

Dear Ms. Hanson

Your NSP application for the Lou Wortham wells was granted under date of December 29, 2009, by Order NSP-1937.

Your NSL application for the DC Hardy #11 was granted under date of January 11, 2010 by Order NSL-5758-A.

The signed original orders will be posted on OCD's website.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Tuesday, January 12, 2010 10:33 AM
To: Brooks, David K., EMNRD
Subject: RE: Lou Wortham Wells, Lea County NM; NSP application ---- DC Hardy Well No. 11, Lea County NM; NSL application

Hi David,

I believe the Lou Worthamu should be Lou Worthann. They are easily confused, but I think the Lou Worthamu wells are operated by Chesapeake.

Michelle Hanson

Landman

Apache Corporation

6120 S. Yale Ave., Suite 1500

Tulsa, OK 74136

(918) 491-4838 office

(918) 491-4854 fax

michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, January 12, 2010 11:26 AM
To: Hanson, Michelle
Cc: Kautz, Paul, EMNRD; llrwb@austin.rr.com
Subject: RE: Lou Wortham Wells, Lea County NM; NSP application ---- DC Hardy Well No. 11, Lea County NM; NSL application

From: Brooks, David K., EMNRD
Sent: Tuesday, January 12, 2010 10:22 AM
To: 'Hanson, Michelle'
Cc: Kautz, Paul, EMNRD; 'llrwb@austin.rr.com'
Subject: Lou Wortham Wells, Lea County NM; NSP application ---- DC Hardy Well No. 11, Lea County NM; NSL application

Dear Ms. Hanson

Your NSP application for the Lou Wortham wells was granted under date of December 29, 2009, by Order NSP-1937.

Your NSL application for the DC Hardy #11 was granted under date of January 11, 2010 by Order NSL-5758-A.

The signed original orders will be posted on OCD's website.

Sincerely

David K. Brooks
Legal Examiner

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Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, January 12, 2010 1:39 PM
To: 'Hanson, Michelle'
Subject: Lou Worthan wells, Lea County NM, NSP application
Attachments: Apache Lou Wortham.doc

Dear Ms. Hanson

We have this day issued Order NSP-1937-A-npt, correcting the well names in Order NSP-1937 to read "Lou Worthan" instead of "Lou Wortham."

The signed original of this order will be posted on OCD's website.

Sincerely
David K. Brooks
Legal Examiner