

ABOVE THIS LINE FOR DIVISION USE ONLY

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



DTG-W
 Apache
 RECEIVED OGD
 Walter Lynch #8
 30-025-25644

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]

Walter Lynch #13
 30-025-1118

- [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.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent for Apache Corporation
 Title

2/4/11
 Date

drcatanach@netscape.com
 E-Mail Address

February 4, 2011

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Daniel Sanchez
Acting Division Director

Re: Application for Simultaneous Dedication
Walter Lynch Wells No. 8 & 13
SW/4 NW/4, Section 1, T-22 South, R-37 East, NMPM,
Lea County, New Mexico

Dear Mr. Sanchez:

By Order No. NSP-1936-A npt dated January 27, 2010, the Division authorized Apache Corporation to establish four non-standard gas spacing and proration units in the Blinebry Oil & Gas Pool (Prorated Gas-72480) comprising the NW/4 NW/4, NE/4 NW/4, SW/4 NW/4 and SE/4 NW/4 of Section 1, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

The non-standard gas spacing and proration unit comprising the SW/4 NW/4 of Section 1 is currently dedicated to the Apache Corporation Walter Lynch No. 8 (API No. 30-025-25644) located at a standard gas well location for a 40-acre gas spacing unit 1880 feet from the North line and 760 feet from the West line of Section 1.

Apache Corporation ("Apache") proposes to drill an additional Blinebry Oil & Gas Pool gas well within the SW/4 NW/4 of Section 1. The proposed Walter Lynch No. 13 (API N/A) is to be drilled at a standard gas well location for a 40-acre gas spacing unit 1650 feet from the North line and 330 feet from the West line of Section 1. The well will be completed as a gas well in the Blinebry Oil & Gas Pool, an oil well in the Tubb Oil & Gas Pool, and an oil well in the South Brunson Drinkard-Abo Pool.

Apache seeks authority to simultaneously dedicate the SW/4 NW/4 of Section 1 to the existing Walter Lynch No. 8 and to the proposed Walter Lynch No. 13.

The Blinebry Oil & Gas Pool is currently governed by the General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry Oil & Gas Pool as established by Order No. R-8170, as amended. These rules require standard 160-acre gas spacing and proration units and 40-acre oil spacing and proration units. Setback requirements for gas wells to which more than 40 acres is

dedicated are 660 feet to the outer boundary of the spacing unit or of the quarter section, and 330 feet to any governmental quarter-quarter section. The setback requirement for oil wells and gas wells to which no more than 40 acres is dedicated is 330 feet to the outer boundary of the spacing unit.

Engineering drainage data indicates that at well drilled at the proposed location should recover additional oil and gas reserves from the Blinebry Oil & Gas Pool that will otherwise not be recovered by the existing Walter Lynch No. 8, thereby preventing waste.

In support of the application, the following tables show the drainage area, estimated ultimate oil and gas recoveries, cumulative oil and gas production (as of 10/2010) and current daily oil and gas producing rates for the Walter Lynch No. 8. (**Note: drainage areas were calculated from SophiH taken off contoured isopach maps or from log calculations.**)

Operator	Well Name	Unit	Reservoir	SophiH (Ft)	Area (Acres)	EUR (MBO)	EUR (MMCFG)
Apache	Walter Lynch 8	E	Blinebry/Drinkard	9	14.9	18	1,833

Operator	Well Name	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	*Walter Lynch 8	E	Blinebry/Drinkard-Abo/ Granite Wash	21.6	1,378	0.387	72

(* Cumulative production for the Walter Lynch No. 8 includes the Blinebry, Drinkard-Abo and Granite Wash intervals. Current daily production shown is for Blinebry only.)

Utilizing the average offset drainage areas and SophiH and applying it to the proposed location for the Walter Lynch No. 13 results in an estimated recovery of 40 MBO and 400 MMCF of gas from the Blinebry Oil & Gas Pool, Tubb Oil & Gas Pool and South Brunson Drinkard-Abo Pools.

With regards to the proposed simultaneous dedication of the Walter Lynch No. 13 in the Blinebry Oil & Gas Pool, Apache is providing notice of this application to all affected offset acreage in the Blinebry Oil & Gas Pool, described as follows:

Acreage Description

Operator

N/2 NW/4 & SE/4 NW/4 of
 Section 1, T-22S, R-37E

Apache Corporation
 (Walter Lynch Lease)

SE/4 of Section 35, T-21S, R-37E

Oxy USA WTP Ltd. Partnership

E/2 SW/4 & NE/4 SW/4 of
 Section 36, T-21S, R-37E

Chesapeake Operating, LLC

SE/4 SW/4 & S/2 SE/4 of
Section 36, T-21S, R-37E

Apache Corporation
(State "Q" Lease)

E/2 of Section 1, T-22S, R-37E

Chevron USA, Inc.

SW/4 of Section 1, T-22S, R-37E

John H. Hendrix Corporation

E/2 of Section 2, T-22S, R-37E

Exxon Mobil Corporation

Please note that Apache Corporation owns 100% of the working interest in the Walter Lynch Lease (NW/4 of Section 1, T-22S, R-37E) and in the State "Q" Lease (SE/4 SW/4 & S/2 SE/4 of Section 36, T-21S, R-37E).

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Blinebry Oil & Gas Pool underlying the SW/4 NW/4 of Section 1 that may otherwise not be recovered by the existing producing well, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Apache Corporation
6120 S. Yale
Suite 1500
Tulsa, Oklahoma 74136

Xc: OCD-Hobbs

(Handwritten mark)

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

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

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 72480	Pool Name Blinebry Oil & Gas (Prorated Gas)
Property Code	Property Name WALTER LYNCH	Well Number 13
OGRID No.	Operator Name APACHE CORPORATION	Elevation 3357'

Surface Location

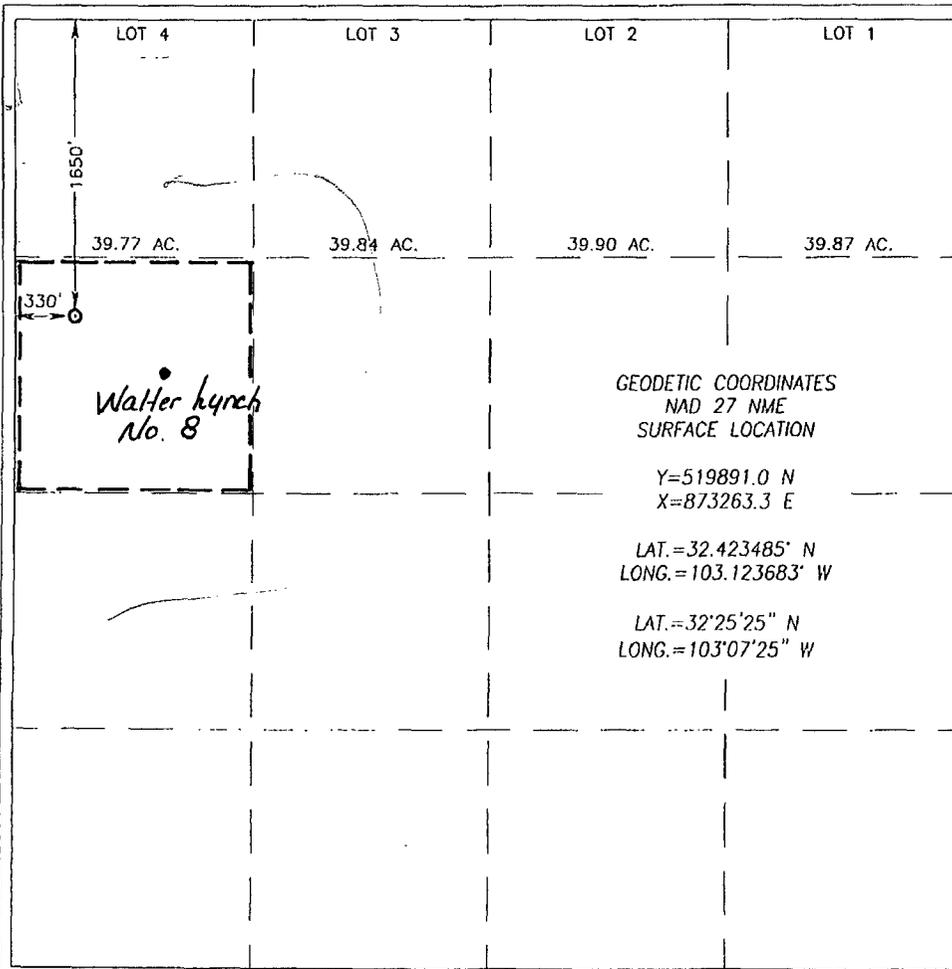
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	1	22-S	37-E		1650	NORTH	330	WEST	LEA

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. NSP-1936-A npt
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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



OPERATOR CERTIFICATION

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.

Signature _____ Date _____

Printed Name _____

SURVEYOR CERTIFICATION

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.

DECEMBER 17, 2010

Date Surveyed _____ DSS

Signature & Seal of Professional Surveyor
Ronald J. Eidson 01/07/2011
10.11.1845

Certificate No. GARY C. EIDSON 12841
RONALD J. EIDSON 3239

February 4, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET OPERATORS

Re: Apache Corporation
Application for Simultaneous Dedication
Walter Lynch Wells No. 8 & 13
SW/4 NW/4 of Section 1, T-22 South, R-37 East, NMPM,
Blinebry Oil & Gas Pool (Prorated Gas-72480)
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation for administrative approval to simultaneously dedicate an existing 40-acre gas spacing and proration unit comprising the SW/4 NW/4 of Section 1, Township 22 South, Range 37 East, NMPM, to the existing Apache Corporation Walter Lynch No. 8 (API No. 30-025-25644) located at a standard gas well location for a 40-acre gas spacing unit 1880 feet from the North line and 760 feet from the West line, and to its proposed Walter Lynch No. 13 to be drilled at a standard gas well location for a 40-acre gas spacing unit 1650 feet from the North line and 330 feet from the West line of Section 1, Blinebry Oil & Gas Pool, Lea County, New Mexico.

As the owner of an interest that may be affected by the proposed simultaneous dedication, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach
Agent-Apache Corporation
6120 S. Yale
Suite 1500
Tulsa, Oklahoma 74136

Enclosure

Notice List
Apache Corporation
Application for Simultaneous Dedication
Walter Lynch Wells No. 8 & 13
SW/4 NW/4 of Section 1, T-22 South, R-37 East, NMPM

John H. Hendrix Corporation
Box 3040
Midland, Texas 79702-3040

Chevron USA, Inc.
Box 36366
Houston, Texas 77236

Exxon Mobil Corporation
Box 4721
Houston, Texas 77210-4721

Oxy USA WTP Ltd. Partnership
Box 4294
Houston, Texas 77210-4294

Chesapeake Operating, Inc.
Box 18496
Oklahoma City, Oklahoma 73154

7010 0780 0002 0635 0414

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CERTIFIED MAIL™ RECEIPT
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For delivery information visit our website at www.usps.com

OKLAHOMA CITY OK 73154

Postage	\$	\$1.05
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.15

Postmark Here
 FEB - 4 2011
 SANTA FE, NM 87501
 CORONADO

Sent To *Chesapeake Operating, Inc.*
 Street, Apt. No., or PO Box No. *Box 18496*
 City, State, ZIP+4 *Oklahoma City, Oklahoma 73154*

PS Form 3800, August 2006 See Reverse for Instructions

7010 0780 0002 0635 0436

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HOUSTON TX 77236

Postage	\$	\$1.05
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.15

Postmark Here
 FEB - 4 2011
 SANTA FE, NM 87505
 CORONADO

Sent To *Chevron USA Inc.*
 Street, Apt. No., or PO Box No. *Box 36366*
 City, State, ZIP+4 *Houston, Texas 77236*

PS Form 3800, August 2006 See Reverse for Instructions

7010 0780 0002 0635 0421

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

HOUSTON TX 77210

Postage	\$	\$1.05
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.15

Postmark Here
 FEB - 4 2011
 SANTA FE, NM 87501
 CORONADO

Sent To *Oxy USA WTP Ltd Partnership*
 Street, Apt. No., or PO Box No. *Box 4294*
 City, State, ZIP+4 *Houston, Texas 77210-4294*

PS Form 3800, August 2006 See Reverse for Instructions

7010 0780 0002 0635 0445

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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For delivery information visit our website at www.usps.com

MIDLAND TX 79702

Postage	\$	\$1.05
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$2.30
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.15

Postmark Here
 FEB - 4 2011
 SANTA FE, NM 87505
 CORONADO

Sent To *John H. Hendrix Corporation*
 Street, Apt. No., or PO Box No. *Box 3040*
 City, State, ZIP+4 *Midland, Texas 79702-3040*

PS Form 3800, August 2006 See Reverse for Instructions

7010 0780 0002 0635 0452

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 (Domestic Mail Only; No Insurance Coverage Provided)

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HOUSTON TX 77210

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 SANTA FE, NM 87505
 CORONADO

Sent To *Exxon Mobil Corporation*
 Street, Apt. No., or PO Box No. *Box 4721*
 City, State, ZIP+4 *Houston, Texas 77210-4721*

PS Form 3800, August 2006 See Reverse for Instructions