

DATE IN <u>2/25/11</u>	SUSPENSE	ENGINEER <u>DILB</u>	LOGGED IN <u>2/25/11</u>	TYPE <u>NSL</u>	APP NO. <u>1105651471</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
RECEIVED OCD
Over B#14
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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

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

Signature

Date

Agent for Apache Corporation
Title

drcatanach@netscape.com
E-Mail Address

2/25/11

6352

LEA

February 25, 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: Unorthodox Well Location
Owen "B" No. 14
API No. (N/A)
1160' FSL & 2023' FWL, Unit N
Section 34, T-21 South, R-37 East, NMPM,
Lea County, New Mexico

Dear Mr. Sanchez:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed Owen "B" No. 14. This well will be drilled as a development oil well in the Blinebry Oil & Gas Pool (Oil-6660), Tubb Oil & Gas Pool (Oil-60240), Drinkard Pool (Oil-19190) and Wantz-Abo Pool (Oil-62700).

In the Blinebry Oil & Gas Pool the Owen "B" No. 14 will be dedicated to the SE/4 SW/4 of Section 34 thereby forming a standard 40-acre oil spacing and proration unit. This unit was previously a 40-acre non-standard gas proration unit in the Blinebry Oil & Gas Pool that was dedicated to the Apache Corporation Owen "B" No. 4 (API No. 30-025-06999) located 660 feet from the South line and 1980 feet from the West line (40-acre non-standard gas unit approved by Order No. NSP-1823-C npt). **Please be advised that the Owen "B" No. 4, which was producing as a gas well in the Blinebry Oil & Gas Pool and as an oil well in the Drinkard Pool, was temporarily abandoned in May, 2010 and will not be simultaneously produced in the Blinebry Oil & Gas Pool with the proposed Owen "B" No. 14.**

In the Tubb Oil & Gas Pool the well will be dedicated to the SE/4 SW/4 of Section 34 thereby forming a standard 40-acre oil spacing and proration unit.

In the Drinkard Pool, the well will be dedicated to an existing 40-acre oil spacing and proration unit comprising the SE/4 SW/4 of Section 34. This unit was previously dedicated to the above-described Owen "B" No. 4, which has been TA'd in the Drinkard interval.

In the Wantz-Abo Pool, the well will be dedicated to an existing 40-acre oil spacing and proration unit comprising the SE/4 SW/4 of Section 34. This unit is currently dedicated to the Apache Owen "B" No. 13 (API No. 30-025-39732) located 1120 feet from the South line and 1650 feet from the West line of Section 34.

The Blinebry and Tubb Oil & Gas Pools are currently governed by the General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry and Tubb Oil & Gas Pools 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. 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.

The Drinkard and Wantz-Abo Pools are subject to Division Rule 19.19.15.9.

The Owen "B" No 14 is being drilled at a 20-acre infill location in order to recover remaining oil and gas reserves underlying the E/2 SW/4 of Section 34.

Due to drainage considerations, a well at the proposed location should recover additional oil and gas reserves from the target reservoirs that will otherwise not be drained by the existing well(s), thereby preventing waste.

In support of the application, the following tables show drainage areas, estimated ultimate oil and gas recoveries, cumulative oil and gas production (as of 11/2010) and current daily oil and gas producing rates for offset wells. **(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	Owen "B" 3 & 6	K	Blinebry/Drinkard/Abo	48	5	218	2,929
Apache	Owen "B" 4 & 13	N	Blinebry/Drinkard/Abo	42	22	287	10,598

Operator	Well Name	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	Owen "B" No. 6	K	Blinebry/Tubb/Drink/Abo	19.7	1,213	3.0	160
Apache	Owen "B" No. 4	N	Blinebry/Drinkard	10.6	624	0.0	19
Apache	Owen "B" No. 13	N	Abo	0.54	6.28	4.8	35

(Owen "B" No. 3 is PA'd. No cumulative or daily rates are shown)
(Cumulative and daily production for the Owen "B" No. 6 include Blinebry, Tubb, Drinkard and Abo intervals.)
(Cumulative and daily production for the Owen "B" No. 4 include Blinebry and Drinkard intervals.)
(Owen "B" No. 13 is a recently-drilled well.)

Utilizing the average offset drainage areas and SophiH and applying it to the proposed location for the Owen "B" No. 14 results in an estimated recovery of 50 MBO and 2,000 MMCF of gas from the Blinebry, Tubb, Drinkard and Abo reservoirs.

The affected offset acreage in the Blinebry Oil & Gas, Tubb Oil & Gas, Drinkard and Wantz-Abo Pools is the NE/4 SW/4 of Section 34. This affected offset acreage is operated by Apache and is contained within the commonly-owned Owen "B" Lease. Consequently, notice of this application is not required.

Attached is a Form C-102 showing the proposed well location and offset wells.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Blinebry, Tubb, Drinkard and Abo formations underlying the SE/4 SW/4 of Section 34 that may otherwise not be recovered by the existing producing wells or offset wells, 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

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
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised July 16, 2010
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number N/A	Pool Code 6660, 60240, 19190, 62700	Pool Name Blinebry Oil & Gas (Oil), Tubb Oil & Gas (Oil), Drinkard & Wantz Abo
Property Code	Property Name Owen "B"	Well Number 14
OGRID No. 873	Operator Name Apache Corporation	Elevation 3,439'

Surface Location

UL or lot no. N	Section 34	Township 21 South	Range 37 East	Lot Idn	Feet from the 1160'	North/South line South	Feet from the 2023'	East/West line West	County Lea
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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	Consolidate 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 align="center">OPERATOR CERTIFICATION</p> <p><i>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 unleased mineral interest in the land including the proposed bottomhole location or has a right to drill this well at this 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.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
	<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>	