

DATE IN 3.1.11	SUSPENSE	ENGINEER PKB	LOGGED IN 3.1.11	NSL	PTGW 1106040264
				SD	1107743218

ABOVE THIS LINE FOR DIVISION USE ONLY

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



RECEIVED OGD
APACHE

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

David Catanach
3/1/11

Agent for Apache Corporation
Title

drcatanach@netscape.com
E-Mail Address

2011 MAR -1 A 10:23

NSL-6354
SD-200903

J.2 Minney #16

March 1, 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 Gas Well Location &
Simultaneous Dedication
J. L. Muncy No. 16
API No. (N/A)
830' FSL & 2310' FWL, (Unit N)
Section 24, T-22 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 gas well location and simultaneous dedication for its proposed J. L. Muncy Well No. 16. This well will be drilled as a development gas well in the Blinebry Oil & Gas (Prorated Gas-72480) and Tubb Oil & Gas (Prorated Gas-86440) Pools, and a development oil well in the South Brunson Drinkard-Abo Pool (Oil-7900).

In the Blinebry Oil and Gas Pool the proposed J. L. Muncy No. 16 and the existing J. L. Muncy No. 3 (API No. 30-025-10442) located 350 feet from the South line and 1720 feet from the West line of Section 24 will be simultaneously dedicated to an existing 80-acre non-standard gas spacing and proration unit comprising the SE/4 SW/4 and SW/4 SE/4 of Section 24 (approved by Division Order No. NSP-1476 dated 11/6/1985). Consequently, Apache seeks approval of an unorthodox gas well location for the proposed J. L. Muncy No. 16, and simultaneous dedication approval for the J. L. Muncy Wells No. 3 and 16 in the Blinebry Oil & Gas Pool.

In the Tubb Oil & Gas Pool the proposed J. L. Muncy No. 16 and the existing J. L. Muncy No. 2 (API No. 30-025-10441) located 1980 feet from the South and West lines of Section 24 will be simultaneously dedicated to an existing 80-acre non-standard gas spacing and proration unit comprising the E/2 SW/4 of Section 24. Consequently, Apache seeks approval of an unorthodox gas well location for the proposed J. L. Muncy No. 16, and simultaneous dedication approval for the J. L. Muncy Wells No. 2 & 16 in the Tubb Oil & Gas Pool.

The J. L. Muncy No. 16 will also be completed as a development oil well in the South Brunson Drinkard-Abo Pool. The well is located at a standard well location for this pool.

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. 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 J. L. Muncy No. 16 is being drilled as an infill location in the Blinebry and Tubb Oil & Gas Pools in order to recover additional oil and gas reserves from the target reservoirs that will otherwise not be drained by the existing wells, thereby preventing waste.

In support of the application, the following tables show the offset wells, drainage areas, estimated ultimate oil and gas recoveries, cumulative oil and gas production (as of 11/2011) and current daily oil and gas producing rates. **(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	J. L. Muncy No. 2	K	Tubb	4	22.5	31	1,790
Apache	J. L. Muncy No. 3	N	Blinebry	8	60	73	9,615

Operator	Well Name	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	J. L. Muncy No. 2	K	Tubb/Blinebry	5.5	234	2.0	32
Apache	J. L. Muncy No. 3	N	Blinebry/Drinkard-Abo	4.2	373	1.9	35

(Cumulative and daily production for the J. L. Muncy No. 2 includes both the Tubb and Blinebry formations.)

(Cumulative and daily production for the J. L. Muncy No. 3 includes both the Blinebry and Drinkard-Abo formations.)

Utilizing the average offset drainage areas and SophiH and applying it to the proposed location for the J. L. Muncy No. 16 results in an estimated recovery of 44 MBO and 399 MMCF of gas from the Blinebry and Tubb reservoirs.

The affected offset acreage with regards to the unorthodox gas well location in the Blinebry Oil & Gas Pool is the NE/4 SW/4 and NW/4 SE/4 of Section 24, and the NW/4 NE/4 of Section 25. The affected offset acreage with regards to the unorthodox gas well location in the Tubb Oil & Gas Pool is the W/2 SE/4 of Section 24, and the NW/4 NE/4

of Section 25. **The affected offset acreage in Section 24 is contained within the J. L. Muncy Lease which is operated and 100% owned by Apache Corporation.** The affected offset acreage in Section 25 is currently operated by Chevron USA, Inc.

With regards to the proposed simultaneous dedication of the J. L. Muncy No. 16 in the Blinebry Oil & Gas and Tubb Oil & Gas Pools, Apache is providing notice of this application to all affected offset acreage in the Blinebry Oil & Gas and Tubb Oil & Gas Pools, described as follows:

<u>Acreage Description</u>	<u>Operator</u>
SE/4, E/2 SW/4, S/2 NE/4 of Section 24, T-22S, R-37E	Apache Corporation (J. L. Muncy Lease)
NW/4, W/2 SW/4 of Section 24, T-22S, R-37E	ConocoPhillips Company
NW/4 NE/4 of Section 24, T-22S, R-37E	Chesapeake Operating, Inc.
NE/4 NE/4 of Section 24, T-22S, R-37E & NW/4, S/2 NE/4 of Section 25, T-22S, R-37E	John H. Hendrix Corp.
N/2 NE/4 of Section 25, T-22S, R-37E	Chevron USA, Inc.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Blinebry and Tubb formations underlying the E/2 SW/4 and SE/4 SW/4 & SW/4 SE/4 of Section 24 that may otherwise not be recovered by the existing producing 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 72480	Pool Name Blinebry Oil & Gas Pool (Prorated Gas)
Property Code	Property Name J. L. Muncy	Well Number 16
OGRID No. 873	Operator Name Apache Corporation	Elevation 3309'

Surface Location

UL or lot no. N	Section 24	Township 22 South	Range 37 East	Lot Idn	Feet from the 830'	North/South line South	Feet from the 2310'	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 80	Joint or Infill	Consolidate Code	Order No.	80-Acre non-standard gas unit comprising the SE/4 SW/4 & SW/4 SE/4 of Section 24 was approved by Division Order No. NSP-1476 dated 11/6/1985. Unit is currently dedicated to the J. L. Muncy No. 3.					

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>J. L. Muncy No. 16 (Proposed Well)</p> <p>2310'</p> <p>J. L. Muncy No. 3</p> <p>1720'</p> <p>350'</p> <p>830'</p>	<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 heretofor 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>	

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 86440	Pool Name Tubb Oil & Gas Pool (Prorated Gas)
Property Code	Property Name J. L. Muncy	Well Number 16
OGRID No. 873	Operator Name Apache Corporation	Elevation 3309'

Surface Location

UL or lot no. N	Section 24	Township 22 South	Range 37 East	Lot Idn	Feet from the 830'	North/South line South	Feet from the 2310'	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 80	Joint or Infill	Consolidate Code	Order No. 80-Acre non-standard gas unit comprising the E/2 SW/4 of Section 24 was approved by Division Order No. NSP-1474-A dated 6/1/2005. Unit is currently dedicated to the J. L. Muncy No. 2.						

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 heretofor 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>

March 1, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET OPERATORS-SEE ATTACHED LIST

Re: Apache Corporation
Unorthodox Gas Well Location(s) & Simultaneous Dedication
J. L. Muncy No. 16
830' FSL & 2310' FWL (Unit N)
Section 24, T-22 South, R-37 East, NMPM,
Blinebry Oil & Gas and Tubb Oil & Gas Pools
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation for authorization to drill its J. L. Muncy No. 16 at an unorthodox gas well location in the Blinebry and Tubb Oil and Gas Pools. It is proposed to simultaneously dedicate an existing 80-acre non-standard gas spacing and proration unit in the Blinebry Oil & Gas Pool comprising the SE/4 SW/4 and SW/4 SE/4 of Section 24 to the proposed J. L. Muncy No. 16 and to the existing J. L. Muncy No. 3. It is also proposed to simultaneously dedicate an existing 80-acre gas spacing and proration unit in the Tubb Oil & Gas Pool comprising the E/2 SW/4 of Section 24 to the proposed J. L. Muncy No. 16 and to the existing J. L. Muncy No. 2.

As the owner of an interest that may be affected by the proposed unorthodox gas well location(s) and 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 Non-Standard Gas Well Location(s) &
Simultaneous Dedication
Blinebry Oil & Gas Pool: J. L. Muncy Wells No. 3 & 16; SE/4 SW/4 & SW/4 SE/4
Tubb Oil & Gas Pool: J. L. Muncy Wells No. 2 & 16; E/2 SW/4
All in Section 24, 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

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

ConocoPhillips Company
3401 E. 30th Street
Farmington, New Mexico 87402

7010 0780 0002 0835 0636

CERTIFIED MAIL - RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)

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

OFFICIAL USE
HOUSTON, TX 77236

Postage	\$	\$1.05	0500
Certified Fee		\$2.80	05
Return Receipt Fee (Endorsement Required)		\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)		\$0.00	03/01/2011
Total Postage & Fees	\$	\$6.15	03/01/2011

Santa Fe NM 87501

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 0835 0612

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

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

OFFICIAL USE
FARMINGTON, NM 87402

Postage	\$	\$1.05	0500
Certified Fee		\$2.80	05
Return Receipt Fee (Endorsement Required)		\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)		\$0.00	03/01/2011
Total Postage & Fees	\$	\$6.15	03/01/2011

Santa Fe NM 87501

Sent To *Conoco Phillips Company*
Street, Apt. No., or PO Box No. *3401 E. 30th Street*
City, State, ZIP+4 *Farmington, New Mexico 87402*

PS Form 3800, August 2006 See Reverse for Instructions

5290 5380 2000 0820 0102

CERTIFIED MAIL - RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)

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

OFFICIAL USE
MIDLAND, TX 79702

Postage	\$	\$1.05	0500
Certified Fee		\$2.80	05
Return Receipt Fee (Endorsement Required)		\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)		\$0.00	03/01/2011
Total Postage & Fees	\$	\$6.15	03/01/2011

Santa Fe NM 87501

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

5290 5380 2000 0820 0102

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

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

OFFICIAL USE
OKLAHOMA CITY, OK 73154

Postage	\$	\$1.05	0500
Certified Fee		\$2.80	05
Return Receipt Fee (Endorsement Required)		\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)		\$0.00	03/01/2011
Total Postage & Fees	\$	\$6.15	03/01/2011

Santa Fe NM 87501

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

PS Form 3800, August 2006 See Reverse for Instructions