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March 17, 2015

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 15287*

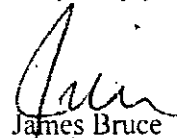
Dear Florene:

Enclosed for filing, on behalf of Apache Corporation, is an application for a non-standard unit, together with a proposed advertisement. Please set this matter for the April 16, 2015 Examiner hearing.

Applicant has applied for administrative approval of the non-standard unit, and is filing this application only in the event that the administrative application is not approved, because time is of the essence in obtaining approval of the application.

Thank you.

Very truly yours,

  
James Bruce

Attorney for Apache Corporation

Parties Being Notified

BLM

Janice Campbell

Jacqueline Campbell

Chevron U. S. A. Inc.

Elicia Green

Georgia Grilley

Lauren Grilley

Steven Grilley

Abigail Gutierrez

Linda Neidert

Osado Oil & Gas

Searles Collier Ltd.

John Searls

Six Aches

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF APACHE CORPORATION  
FOR APPROVAL OF A NON-STANDARD GAS  
SPACING AND PRORATION UNIT, LEA  
COUNTY, NEW MEXICO.

Case No. 15287

APPLICATION

Apache Corporation applies for an order approving a non-standard 80 acre gas spacing and proration unit in the North Eunice-San Andres Gas Pool comprised of the E/2NE/4 of Section 17, Township 21 South, Range 37 East, NMPM, and in support thereof, states:

1. Applicant is a working interest owner in the E/2NE/4 of Section 17.
2. Apache operates the Lockhart A-17 Well No. 4 (aka the West Blinbry Drinkard Unit Well No. 67), located 660 feet from the north and east lines of Section 17, which is a water source well for the waterflood unit. This well had been producing large amounts of water, and minimal gas, from the San Andres formation. Recently, Applicant re-worked the well to shut-off the lower set of San Andres perforations due to issues with barium-scale. The workover caused gas production from the well to increase significantly.
3. To produce the gas, Apache must re-designate this well from water source well to a gas well in the North Eunice-San Andres Gas Pool, although the well will remain a water source well for the unit. Spacing in the pool is 160 acres.
4. The Lockhart A-17 lease is a federal lease (containing a sliding scale royalty) which covers, among other lands, the E/2NE/4 Section 17. Thus, forming the proposed non-standard unit will not require an adjustment of equities in the well. The unit will be dedicated to the Lockhart A-17 Well No. 4.

5. Time is of the essence in approving the non-standard unit because the well provides approximately one-half of the water needed for unit operations.

6. Approval of this application will prevent waste, protect correlative rights, and conserve natural resources.

**WHEREFORE**, applicant requests that, after hearing, the Division enter its order approving the relief requested herein.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Apache Corporation

PROPOSED ADVERTISEMENT

Case No. 15287:

***Application of Apache Corporation for approval of a non-standard gas spacing and proration unit, Lea County, New Mexico:*** Applicant seeks approval of a non-standard 80 acre gas spacing and proration unit in the North Eunice-San Andres Gas Pool comprised of the E/2NE/4 of Section 17, Township 21 South, Range 37 East, NMPM. The unit will be dedicated to the Lockhart A-17 Well No. 4 (aka the West Blinbry Drinkard Unit Well No. 67), located 660 feet from the north and east lines of Section 17. The unit is located approximately 3-1/2 miles north-northwest of Eunice, New Mexico.

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