

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

CASE NO. 12868

**APPLICATION OF APACHE CORPORATION
FOR APPROVAL OF A NON-STANDARD GAS
PRORATION AND SPACING UNIT, UNORTHODOX
GAS WELL LOCATION, SIMULTANEOUS
DEDICATION, DOWNHOLE COMMINGLING AND
ASSIGNMENT OF A SPECIAL GAS ALLOWABLE
LEA COUNTY, NEW MEXICO**

**AMENDED
PRE-HEARING STATEMENT**

This pre-hearing statement is submitted APACHE CORPORATION as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Apache Corporation
2000 Post Oak Blvd.
Houston, Texas 77056
Attn: Mark McClelland
(713) 296-7227

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

OTHER PARTIES

John H. Hendrix Corporation

ATTORNEY

William F. Carr, Esq.

STATEMENT OF THE CASE

1. Applicant, Apache Corporation, ("Apache") is the operator of the Thomas Long Well No. 5 located in Unit N of Section 11, T22S, R37E, Lea County, New Mexico.

2. The balance of the SW/4 of Section 11 is operated by John H. Hendrix Corporation which has completed Blinebry oil wells in each of the three quarter-quarter sections (Thomas Long A Wells No 1, 2, and 3).

3. Each of the Thomas Long wells were originally completed as oil wells on a 40-acre spacing unit. When the wells were reclassified as gas wells due to exceeding the 50,000 SCF/BO gas oil ratio, then a 120-acre non-standard gas spacing and proration unit was formed (Administrative Order NSP-1800(L)(SD). All three wells have gas-oil ratio histories that fluctuate above and below 50,000 to 1.

4. Apache's Thomas Long Well No. 5 is downhole commingling for production for the Blinebry and Tubb pools with current production at 2 BOPD and 164 MCFD.

5. Instead of abandoning this wellbore, Apache desires to continue to produce this well along with the Thomas Long Well No. 6 to be drilled 2091 feet from the west line and 900 feet from the south line both in Section 11 Township 22 South, Range 37 East.

6. Both the Thomas Long Wells No. 5 and 6 are to be simultaneously dedicate to a 40-acre non-standard gas/oil proration and spacing unit for downhole commingling production from the Blinebry Gas and Oil Pool and the Tubb Gas and Oil Pool with the total combined gas production not to exceed the casinghead gas allowable of 428 mcfpd, subject to the following:

(a) Rule 303.C.(1)(f)

if any of the pools being commingled is prorated, or the well's production has been restricted by Division order in any manner, the allocated production from each producing pool in the commingled wellbore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restrictions applicable to such well"

(b) Allowable: whether the well is an oil well or a gas well (50,000 GOR) the following gas allowable shall apply:

(i) the Blinebry "casinghead gas" allowable is the depth bracket oil 107 BOPD times the 4,000 to 1 GOR or 428,000 MCFPD. So that 59% of the total gas production from both the Well 5 and 6 well can not exceed 428,000 MCFPD.

(ii) the Tubb "casinghead gas" allowable is the depth bracket oil 142 BOPD times the 2,000 to 1 GOR or 284,000 MCFPD. So that 41% of the total gas production from the Well 5 and 6 well can not exceed 284,000 MCFPD.

7. The unorthodox gas well locations are necessary exceptions from the well location requirements for a standard 160-acre gas spacing and proration unit.

8. Approval of the application will afford all interest owners in each of the 40-acre tracts the opportunity to produce their just and equitable share of the hydrocarbons from the Blinebry and Tubb Oil and Gas Pools and will otherwise prevent waste and protect correlative rights.

9. In accordance with Division Rule 1207, Applicant has notified those affected parties who operate spacing units offsetting the SE/4SW/4 of Section 11 and those owners within the SW/5 of Section 11.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

Keevin Barnes (PE)

EST. TIME EXHIBITS

@ 45-min. @ 7 exhibits

PROCEDURAL MATTERS

None.

KELLAHIN AND KELLAHIN

By:



W. Thomas Kellahin