

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

May 7, 2002

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 12868

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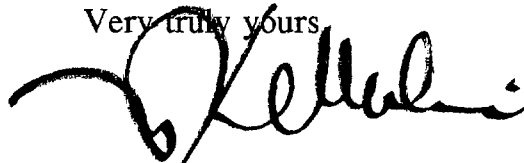
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Re: Thomas Long Wells No. 5 and 6
Unit N Section 11 T22S, R37E
Application of Apache Corporation for Approval of a Non-Standard Gas
Proration and Spacing Unit, Unorthodox Gas Well Locations, Simultaneous
Dedication, Downhole Commingling and the Assignment of a Special Gas
Allowable, Blinbry Oil and Gas Pool, Tubb Oil & Gas Pool, Lea County,
New Mexico

Dear Ms. Wrotenbery:

On behalf of Apache Corporation, please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for May 30, 2000. Our proposed advertisement to be used for the OCD docket is attached.

Very truly yours,



W. Thomas Kellahin

cfx: Apache Corporation
Attn: Mark McClelland

Proposed notification/advertisement for OCD docket:

Case 12868: Application of Apache Corporation for approval of a non-standard gas proration and spacing unit, unorthodox gas well locations, simultaneous dedication, downhole commingling, and assignment of special gas allowable, Lea County, New Mexico. Applicant seeks approval of a unorthodox gas well locations for its Thomas Long Well No. 5, located 1721 feet from the west line and 912 feet from the south line and for its proposed Thomas Long Well No. 6 to be located 2091 feet from the west line and 900 feet from the south line both in Section 11 Township 22 South, Range 37 East to be simultaneously dedicate to an 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 assignment of a special gas allowable not to exceed the casinghead gas allowable of 642 mcfpd. These wells are located approximately 2 miles south from Eunice, New Mexico.

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

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

CASE: 12868

APPLICATION

Comes now APACHE CORPORATION, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of a unorthodox gas well locations for its Thomas Long Well No. 5, located 1721 feet from the west line and 912 feet from the south line and for its proposed Thomas Long Well No. 6 to be located 2091 feet from the west line and 900 feet from the south line both in Section 11 Township 22 South, Range 37 East to be simultaneously dedicate to an 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 assignment of a special gas allowable not to exceed the casinghead gas allowable of 642 mcfpd.

In support thereof, Applicant states:

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/5 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 642 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 6,000 to 1 GOR or 642,000 MCFPD. So that 51 % of the total gas production from both the Well 5 and 6 well can not exceed this gas volume.

(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 49% of the total gas production from the Well 5 and 6 well can not exceed this gas volume.


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 Blinbry 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 as set forth on Exhibit "A."

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 
W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

THOMAS LONG LEASE
OFFSET OPERATORS

Exxon Mobil
P. O. Box 4697
Houston, TX 77210-4697

John H. Hendrix Corporation
Box 3040
Midland, TX 79702

Marathon Oil Company
Box 2409
Hobbs, New Mexico 88240

Chevron Texaco
15 Smith Road
Midland, TX 79705

Prospective Investment & Trading Co.
Box 702320
Tulsa, OK 74170-2320

Sapient Energy Corporation
8801 S. Yale, Suite 220
Tulsa, OK 74137

Titan Resources LTD
500 W. Texas, Suite 500
Midland, TX 79701

OXY USA WTP LP
Box 50250
Midland, TX 79710

BEC Corporation
110 N. Marienfeld, Suite 370
Midland, TX 79702

Zachary Oil Operating Co.
Box 1969
Eunice, NM 88231

