

DATE IN <u>5.19.11</u>	SUSPENSE	ENGINEER <u>DB</u>	LOGGED IN <u>5.19.11</u>	TYPE <u>SD</u>	APP NO <u>1113926475</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 OOD
Koitan Wells 1#3
 30-025-4008

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]

30-025 34735
 201106

- [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

David Catanach
 Signature

Agent for Apache Corporation
 Title

5/17/11
 Date

drcatanach@netscape.com
 E-Mail Address

May 17, 2011

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG
Division Director

Re: Application for Simultaneous Dedication
Roitan Wells No. 1 & 3
SW/4 NE/4 of Section 14, T-20 South, R-38 East, NMPM,
Lea County, New Mexico

Dear Ms. Bailey:

By Order No. NSL-5539/NSP-1910 dated December 27, 2006, the Division authorized Capataz Operating, Inc. to establish two 40-acre non-standard gas spacing and proration units in the Blinebry Oil & Gas Pool (Prorated Gas-72480) comprising the SW/4 NE/4 (Unit G) and the SE/4 NE/4 (Unit H) of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico. The SW/4 NE/4 was dedicated to the Roitan Well No. 1 (API No. 30-025-34735) located at a standard gas well location 1650 feet from the North and East lines of Section 14. **(Please note that Order No. NSL-5539/NSP-1910 incorrectly describes the two subject 40-acre non-standard gas spacing units to be in Section 14, Township 20 South, Range 37 East. The subject acreage is actually in Range 38 East. Also, this order states that the Roitan No. 1 and the Chesterfield No. 1 are both located at unorthodox gas well locations for the Blinebry Oil & Gas (Prorated Gas) Pool. Pursuant to the Special Rules and Regulations for the Blinebry Oil & Gas Pool as established by Order No. R-8170, as amended, the Roitan No. 1 and the Chesterfield No. 1 are both located at standard gas well locations for a 40-acre non-standard gas spacing unit. Also please note that the Chesterfield No. 1 is now producing as an oil well in the Blinebry Oil & Gas Pool.)**

Apache Corporation ("Apache") the successor operator of these tracts, now proposes to drill an additional Blinebry Oil & Gas Pool gas well within the SW/4 NE/4 of Section 14. The proposed Roitan No. 3 (API 30-025-40018) is to be drilled at a standard gas well location for a 40-acre non-standard gas spacing unit 2310 feet from the North and East lines of Section 14. The well will be completed as a gas well in the Blinebry Oil & Gas Pool, an oil well in the Tubb Oil & Gas Pool, and an oil well in the Drinkard Pool.

Apache seeks authority to simultaneously dedicate the SW/4 NE/4 of Section 14 to the existing Roitan No. 1 and to the proposed Roitan No. 3.

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

Engineering drainage data indicates that a well drilled at the proposed location should recover additional oil and gas reserves from the Blinebry Oil & Gas Pool that will otherwise not be recovered by the existing Roitan No. 1, thereby preventing waste.

In support of the application, the following tables show the drainage area, estimated ultimate oil and gas recoveries, cumulative oil and gas production (as of 12/31/2010) and current daily oil and gas producing rates for the existing Roitan No. 1. (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	Roitan No. 1	G	Blinebry/Tubb	8	11.7	42	1,030

Operator	Well Name	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	*Roitan No. 1	G	Blinebry/Tubb	29.3	716.5	3.75	112

(* Cumulative and current production for the Roitan No. 1 includes the Blinebry and Tubb intervals.)

Utilizing the offset drainage area and SophiH and applying it to the proposed location for the Roitan No. 3 results in an estimated recovery of 30 MBO and 720 MMCF of gas from the Blinebry Oil & Gas, Tubb Oil & Gas and Drinkard Pools.

With regards to the proposed simultaneous dedication of the Roitan No. 3 in the Blinebry Oil & Gas Pool, Apache is providing notice of this application to all affected offset acreage in that pool. The SW/4 NE/4 of Section 14 is offset by eight 40-acre oil spacing and proration units in the Blinebry Oil & Gas Pool comprising Units A, B, C, H, I, J, O and P. Apache is the operator of these eight offset Blinebry units. The working interest ownership between the SW/4 NE/4 and four of the affected offset units

comprising the NE/4 NE/4, SE/4 NE/4 and N/2 SE/4 is common. However, the working interest ownership between the SW/4 NE/4 and four of the affected offset units comprising the NW/4 NE/4, NE/4 NW/4 and S/2 SE/4 is not common. Consequently, Apache is providing notice of this application to the working interest owners in these 40-acre tracts. Also, there is currently no Blinebry Oil & Gas Pool development wells in the NW/4 NW/4, S/2 NW/4, and SW/4 of Section 14. Consequently, Apache is providing notice of this application to all unleased mineral interest owners or leasehold owners within this offset acreage. (See **Offset Operator/Lessee Map**)

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Blinebry Oil & Gas Pool underlying the SW/4 NE/4 of Section 14 that may otherwise not be recovered by the existing producing well, 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