

DATE IN: 7/8/11	SUSPENSE: —	ENGINEER: WVJ	LOGGED IN: 7/8/11	TYPE: DHC 4456	APP NO: PWOT 1118939624
-----------------	-------------	---------------	-------------------	-------------------	-------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



**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.

Beverly Hatfield  
 Print or Type Name

*Beverly Hatfield*  
 Signature

SR ENGR TECH  
 Title

7/8/2011  
 Date

Beverly.Hatfield@apachecorp.com  
 e-mail Address



July 08, 2011

Mr. Will V. Jones  
New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-4225

RE: Application for Exception to Rule 303-C – Downhole Commingling  
HANSEN STATE 014 - API 30 025 39635  
Unit B, Section 16, T-20-S, R-37-E  
Monument; Abo, Southeast (Oil) & Monument; Tubb (Oil)  
Lea County, New Mexico

Dear Mr. Jones,

Enclosed please find form C-107A and attachments for downhole commingling the captioned well. The ownerships (WI, NRI and ORRI) of these pools are identical in this wellbore. The fluids from each of these pools are compatible as seen in other similar commingles in the area. Combining these fluids will not result in any damage to these pools. Commingling will improve the efficiency of present and future recovery operations. Cross flow will not be a problem due to having a production lift system capable of keeping the well pumped off thereby maximizing production. This commingling will not reduce the value of the total remaining production.

The allocation method used for this well was determined by analyzing the cumulative oil, gas and water production in a nine section area of review surrounding this well. Supporting documentation is shown on the attached spreadsheet. Production for active and inactive wells was grouped by pool in the area of review. The totals for each phase were then divided by the number of wells associated with this pool yielding an average. This average was used to determine the percentage allocation.

The main reason for using this method is based on economics and minimizing reservoir damage. Past completion practices had all zones perforated and fracture stimulated during one full week. Each zone was isolated by a retrievable bridge plug to allow for production testing of each zone for allocation purposes. This testing period lasted as long as one month before a stabilized rate was observed thus allowing the next zone to be brought on and tested. During this time period the completion fluids used were still confined to the other reservoirs causing gel damage. It is a common practice to get these fluids out of the wellbore as soon as possible to help maximize productivity. On a cost basis it is more expensive to have a completion rig move in and out multiple times to bring on each new zone. Several other factors such as weather, other new completions and regulatory well work may interfere with these new wells.

The area of review used encompasses what has been accepted as a good statistical representation for allocation purposes. By using this allocation method all zones will be brought online in a more effective and efficient manner. This will in turn generate a higher productive rate and quicker revenue streams not only for the operator but for the State of New Mexico too.

If you need additional information or have any questions, please give me a call at (432) 818-1906.

Sincerely,

A handwritten signature in cursive script that reads "Beverly Hatfield". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

**Beverly Hatfield**  
**Sr. Staff Engineering Tech**

attachments

District I  
1625 N. French Dr. #100, NM 87501

District II  
1501 W. Grand Avenue, #200, NM 87513

District III  
1650 RG Evans Pkwy, Arco, NM 87410

District IV  
1220 E. St. Francis Dr., Santa Fe, NM 87504

State of New Mexico  
Energy, Minerals and Natural Resources Department

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised June 10, 2003

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

*PHC-44496*

Apache Corporation 303 Veterans Airpark Lane Suite 3000 Midland TX 79705  
Operator Address  
HANSEN STATE 014 B 16 20S 37E LEA  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 873 Property Code 96764 API No. 30-025-39635 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	MONUMENT; TUBB (oil)		SE MONUMENT; ABO (oil)
Pool Code	47090		96764
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6402-6533' (perfs)		6918-7608' (perfs)
Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT		ARTIFICIAL LIFT
Bottomhole Pressure (Note: Pressure data will not be required if the bottomhole perforations in the lower zone is within 150% of the depth of the top perforations in the upper zone)	NA		NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38.7		38.7
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
Date and Oil/Gas/Water Rates of Last Production (Note: For non-a zones with no production history, applicant shall be required to attach production estimates as supporting data)	Date: EST. Rates: 41 BO 94 MCF 170 BW	Date: Rates:	Date: 6/5/2011 Rates: 17 BO 120 MCF 2 BW
Fixed Allocation Percentage (Note: If allocation is based upon a commingling order then a current or past production supporting data if explanation will be required)	Oil 86 % Gas 60 %	Oil % Gas %	Oil 14 % Gas 40 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No   
Are all produced fluids from all commingled zones compatible with each other? Yes  No   
Will commingling decrease the value of production? Yes  No   
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No   
NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Beverly Halfield* TITLE Sr. Engineering Tech DATE 07/08/2011  
TYPE OR PRINT NAME Bev Halfield TELEPHONE NO. (432) 818-1906  
E-MAIL ADDRESS BeverlyHalfield@apachecorp.com



DISTRICT I  
1625 N. FRENCH DR., HOBBBS, 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 and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-39635	Pool Code 306601	Pool Name Monument; Abo, Southeast
Property Code 306601	Property Name HANSEN STATE	Well Number 014
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3541'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	20-S	37-E		910	NORTH	2310	EAST	LEA

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 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

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 style="text-align: center;">GEODEIC COORDINATES NAD '27 NME</p> <p style="text-align: center;">Y=575587.6 N X=832312.9 E</p> <p style="text-align: center;">LAT.=32.577766° N LONG.=103.254545° W LAT.=32°34'40" N LONG.=103°15'16" W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information 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 bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Bev Hatfield</i> 7-8-11 Signature Date</p> <p>Bev Hatfield Printed Name</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p>
	<p>DATE SURVEYED AUGUST 17, 2010</p> <p>DATE SURVEYED REV 8/27/10</p> <p>SIGNATURE &amp; SEAL OF PROFESSIONAL SURVEYOR</p> <p><i>Ronald E. Eidson</i> 08/27/2010</p>
	<p>Certificate No. RONALD EIDSON 3239</p>

DISTRICT I  
1625 N. FRENCH DR., HOBBBS, 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 87503

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number <b>30-025-39635</b>	Pool Code <b>47090</b>	Pool Name <b>Monument; Tubb</b>
Property Code <b>306601</b>	Property Name <b>HANSEN STATE</b>	Well Number <b>014</b>
OGRID No. <b>873</b>	Operator Name <b>APACHE CORPORATION</b>	Elevation <b>3541'</b>

Surface Location

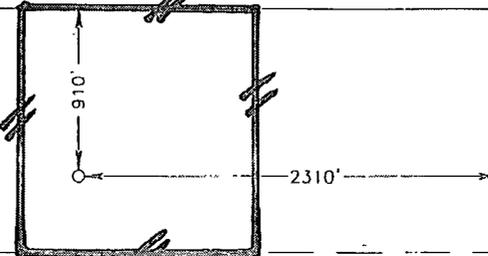
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	16	20-S	37-E		910	NORTH	2310	EAST	LEA

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 <b>40</b>	Joint or Infill	Consolidation Code	Order No.
------------------------------	-----------------	--------------------	-----------

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 style="text-align: center;">GEODEIC COORDINATES NAD 27 NME</p> <p style="text-align: center;">Y=575587.6 N X=832312.9 E</p> <p style="text-align: center;">LAT = 32.577766° N LONG. = 103.254545° W LAT. = 32°34'40" N LONG. = 103°15'16" W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information 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 bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Bev Hatfield</i> 7-8-11 Signature: _____ Date</p> <p><i>Bev Hatfield</i> Printed Name</p>
	<p><b>SURVEYOR CERTIFICATION</b></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 Surveyed <b>AUGUST 17 2010</b></p> <p>Signature &amp; Seal of Professional Surveyor <i>Ronald E. Eidson</i> 08/27/2010</p>
	<p>Certificate No. <b>RONALD EIDSON 3239</b></p>