

NSL-1728

Revised March 23, 2017

RECEIVED: 4.4.18	REVIEWER: LRL	TYPE: NSL	APP NO: PLEL 1809446452
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & 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

Applicant: Apache Corporation **OGRID Number:** 873
Well Name: Palmillo 14 15 State 206H **API:** 30-015-44675
Pool: Palmillo; Bone Spring, SW **Pool Code:** 96413

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) NOTIFICATION REQUIRED TO: Check those which apply.

- A. ☒ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☒ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

☒ Notice Complete
☒ Application Content Complete

- 3) 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.

Brian Wood

Print or Type Name

Signature

4-2-18

Date

505 466-8120

Phone Number

brian@permitswest.com

e-mail Address

**REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION'S
PALMILLO 14 15 STATE 206H
SHL: 1973' FNL & 861' FWL SEC. 14
FTP: 1959' FSL & 100' FEL SEC. 15
LTP & BHL: 1903' FSL & 100' FWL SEC. 15
T. 19 S., R. 28 E., EDDY COUNTY, NM
API 30-015-44675**

I. This spudded Palmillo; Bone Spring, SW (96413) oil well (2nd Bone Spring sand) is on NM State Land Office (NMSLO) surface. Dedication is the 160 acres comprising the N2S2 15-19s-28e. Dedication is all within NMSLO 9,166.42 acre lease X0-0648-0150. All surrounding leases are NMSLO leases (Exhibit A).

FTP is 100' and 681' from the closest dedication boundaries and 100' and 2001' from the closest lease boundary. LTP is 100' and 1903' from the closest dedication boundaries and 1535' from the closest lease boundary. Exhibit B shows the lease boundary as black dashed lines.

Apache requests a nonstandard location due to its goal of maximizing recovery and due to land uses, surface and subsurface, that makes wellbore geometry difficult. Indeed, the pad is in a location that required a road and 5 pipelines to be re-routed.

Two Stephens & Johnson oil wells, 2 DCP gas pipeline rights-of-way, 2 CVE power line rights-of-way, 1 county road right-of-way, two tank batteries, and on-lease (no right-of-way) lines and roads associated with Stephens & Johnson's East Millman Unit water flood are in L-14-19s-28e (Exhibits C and D).

Five pipeline rights-of-way (3 DCP gas, 1 City of Carlsbad water, & 1 Westall SWD), two CVE power line rights-of-way, and on-lease roads and lines associated with Stephens & Johnson's East Millman Unit water flood are in I-15-19s-28e (see Exhibits C and D). The well bore will pass ≈36' from a 11,510' deep SWD well in J-15.

A standard location must be at least 330' from the dedication boundary. The take points are as close as 100' to the east and west dedication boundaries (see C-102 as EXHIBIT E). This places the take points 230' outside the standard drilling window. They are too far east and west.

II. Form C-102 showing the well and 160-acre dedication (N2S2 15-19s-28e) is attached as EXHIBIT E.

Apache operates the Bone Spring dedication bordering on the north, east, and south of the proposed dedication (EXHIBIT F). No Bone Spring dedication borders on any other side or corner.

III. Encroachment to the east and west is toward State leases. Eight existing Bone Spring dedications border or corner the proposed dedication. All are Apache operated. This information is current and correct.

IV. See EXHIBIT F for the proposed well, dedications, and wells. Apache does not believe moving the take points to standard locations is cost effective for this well.

V. There are numerous manmade land use constraints (EXHIBITS C and D).

VI. Archaeology is not an issue.

VII. I hereby attest that I, on or before the date that the application was submitted to the division, sent notification to the affected persons (EXHIBIT G) by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the division receives the application. These affected persons have working or royalty interests in lands that most directly border the take point portions of the 160-acre spacing unit. Said notice was sent to:

Khody Land & Minerals
NM State Land Office
Penroc Oil

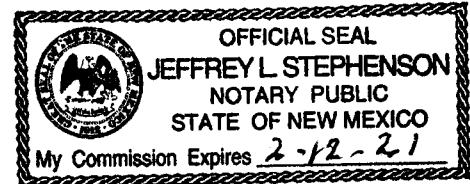
Brian Wood

Brian Wood, Consultant

4-2-18

Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)



The foregoing instrument was acknowledged before me this 2nd day of April, 2018 by Brian Wood. Witness my hand and official seal.

Jeffrey L. Stephenson
Notary Public

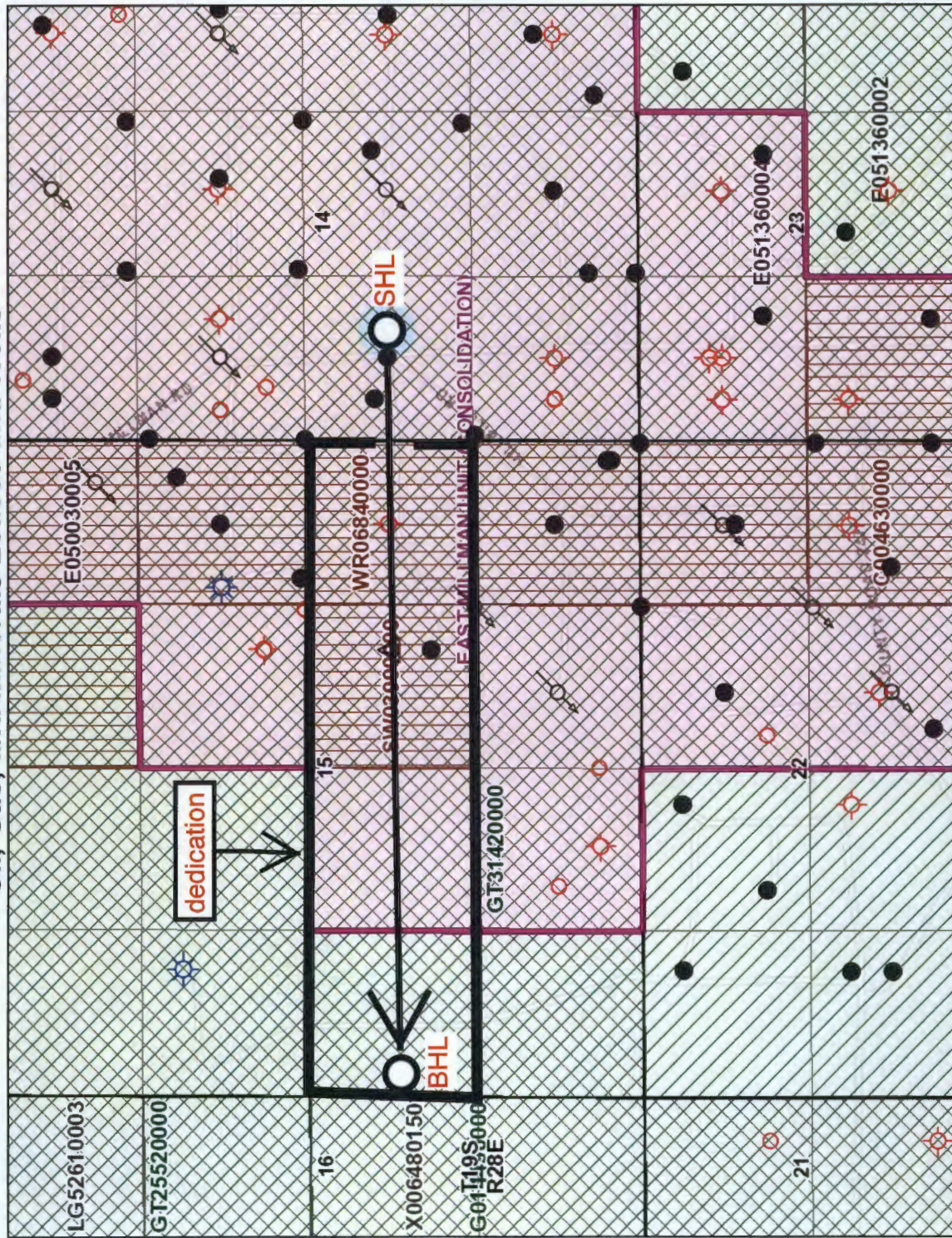
My Commission Expires: 2-12-2021

Business Address: 37 Verano Loop, Santa Fe NM 87508

cc: Flores, OCD (Santa Fe)



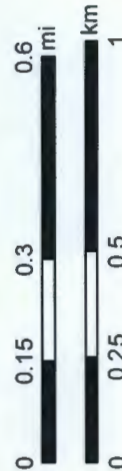
Oil, Gas, and Minerals Leases and Wells



Disclaimer:

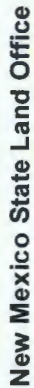
The New Mexico State Land Office assumes no responsibility or liability for, or in connection with the accuracy, reliability or use of the information provided herein with respect to State Land Office data or data from other sources.

Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office in Santa Fe, New Mexico.

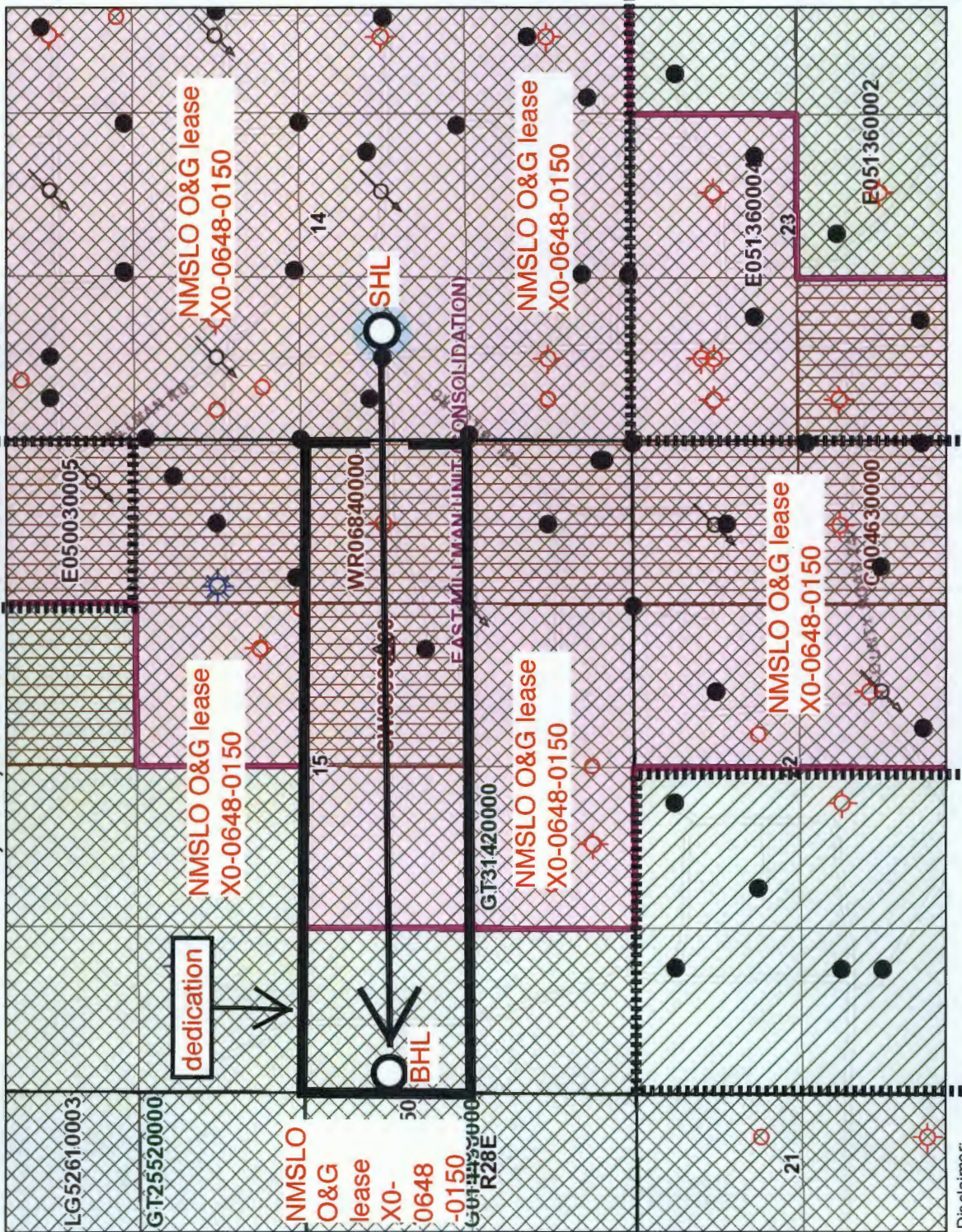


- Villages
- Smaller Towns
- Larger Towns
- Cities
- State Boundary
- Continental Divide
- County Boundaries
- Townships
- Sections
- Subdivisions
- Carbon Dioxide
- Gas
- Injection
- Oil
- Salt Water Disposal
- Water Storage
- Miscellaneous
- Plugged / Dry / Abandoned
- Cancelled / Not Drilled
- Unit Agreement Boundaries
- Participating Areas in Units
- Commercial Leases
- Minerals Leases
- Oil and Gas Leases
- Agricultural Leases
- Energy Leases

EXHIBIT A



Oil, Gas, and Minerals Leases and Wells



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Служба: 212417040

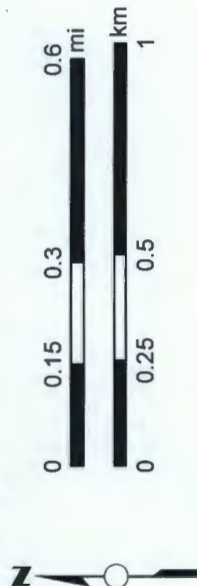


EXHIBIT B

EXHIBIT D

Looking east toward tank battery & Palmillo 14 15 State 206H center stake

center stake



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-		² Pool Code 96413		³ Pool Name Palmillo ; Bonespring, SW	
⁴ Property Code 317303		⁵ Property Name PALMILLO 14-15 STATE			⁶ Well Number 206H
⁷ OGRID NO. 873		⁸ Operator Name APACHE CORPORATION			⁹ Elevation 3434'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
L	14	19S	28E		1973	SOUTH	861	WEST	EDDY

¹¹ 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
L	15	19S	28E		1903	SOUTH	100	WEST	EDDY

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

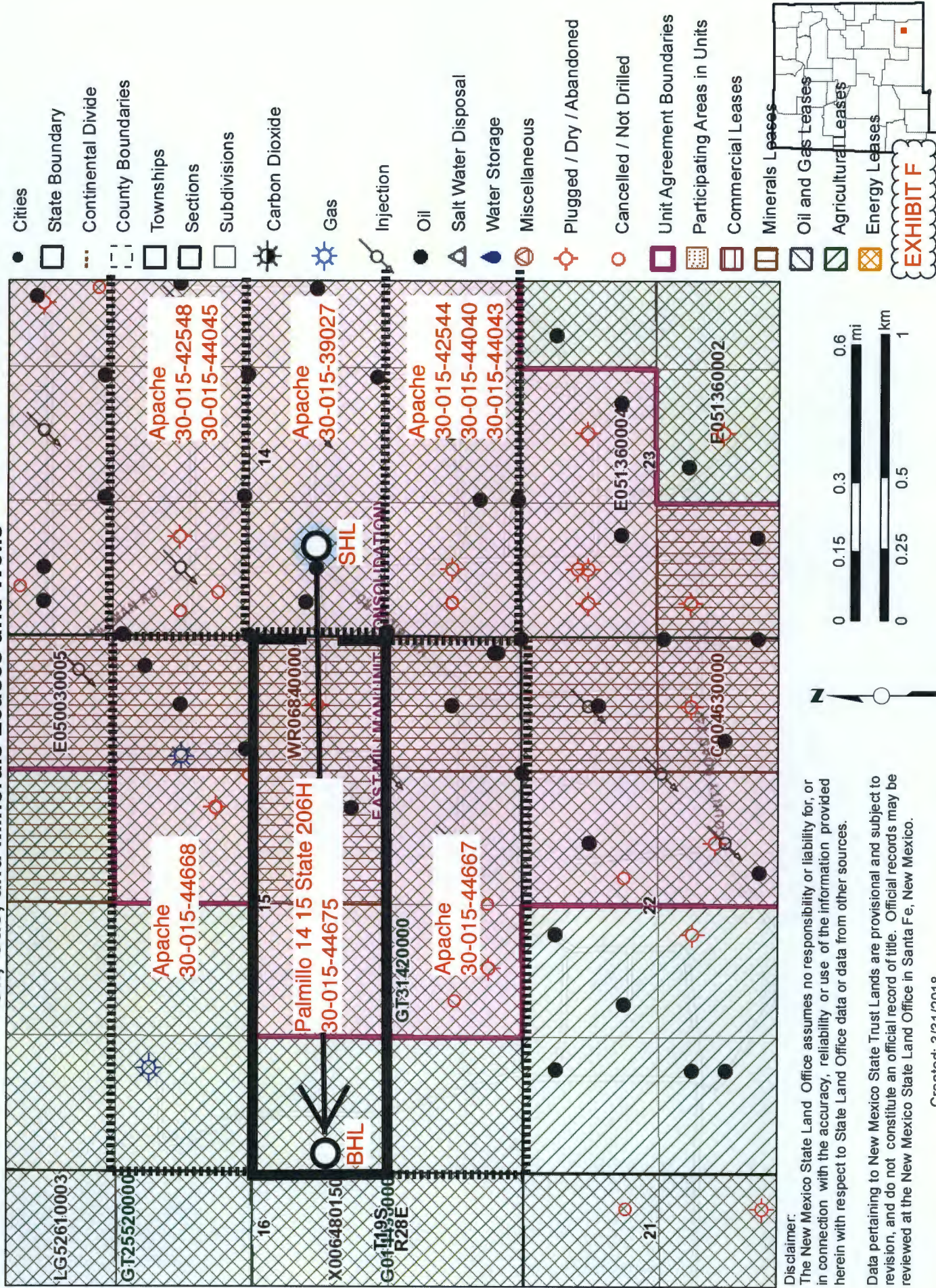
¹⁶ GEODETIC DATA NAD 83 GRID - NM EAST SURFACE LOCATION (SL) N: 603519.9 - E: 596843.9 LAT: 32.6589933° N LONG: 104.1529718° W FIRST TAKE POINT (FTP) N: 603499.4 - E: 595883.0 LAT: 32.6586749° N LONG: 104.1560941° W LAST TAKE POINT (LTP) N: 603394.5 - E: 590891.2 LAT: 32.6586749° N LONG: 104.1723148° W BOTTOM LOCATION (BH) N: 603394.5 - E: 590891.2 LAT: 32.6586749° N LONG: 104.1723148° W		CORNER DATA NAD 83 GRID - NM EAST A: FOUND BRASS CAP "1941" N: 601490.9 - E: 590784.8 B: FOUND BRASS CAP "1941" N: 604123.9 - E: 590793.7 C: FOUND BRASS CAP "1941" N: 606760.7 - E: 590803.6 D: FOUND BRASS CAP "1941" N: 606789.4 - E: 593397.1 E: FOUND BRASS CAP "1941" N: 606818.7 - E: 595990.2 F: FOUND BRASS CAP "1941" N: 606841.1 - E: 598587.0 G: FOUND BRASS CAP "1941" N: 606864.1 - E: 601184.5 H: FOUND BRASS CAP "1941" N: 604123.2 - E: 601178.6		CORNER DATA NAD 83 GRID - NM EAST I: FOUND BRASS CAP "1941" N: 601581.1 - E: 601172.6 J: FOUND BRASS CAP "1941" N: 601560.4 - E: 598576.1 K: FOUND BRASS CAP "1941" N: 601541.3 - E: 595978.7 L: FOUND BRASS CAP "1941" N: 601517.7 - E: 593384.1 1: CALCULATED POINT N: 602871.2 - E: 597280.3 2: CALCULATED POINT N: 604192.8 - E: 597283.0 3: CALCULATED POINT N: 604180.0 - E: 595984.4 4: CALCULATED POINT N: 602807.4 - E: 590789.3 5: CALCULATED POINT N: 602859.5 - E: 595981.6	
		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained 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 a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Sorina W. Flores</i> Date: <i>2/6/18</i> Printed Name: <i>Sorina W. Flores</i> E-mail Address: <i>Sorina.flores@apachecorp.com</i>			
¹⁸ SURVEYOR CERTIFICATION 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. Date of Survey: 11-30-2016 Signature and Seal of Professional Surveyor: <i>Robert M. Howett</i> Certificate Number: 19680 Rev: 2-6-18 NAD83 FTP					

RRC - Job No.: LS16113770

EXHIBIT E



Oil, Gas, and Minerals Leases and Wells



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PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

April 2, 2018

NM State Land Office
P. O. Box 1148
Santa Fe NM 87504

TYPICAL LETTER

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

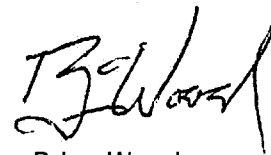
Apache Corporation is applying for NSL approval for its Palmillo 14 15 State 206H oil well. Minimum NMOCD distance for take points for such an oil well is 330' from a dedication line. The take points are 230' further east and west than is standard (see attached application). Thus, it is a nonstandard location. The NSL is due to surface and subsurface issues.

Well Name: Palmillo 14 15 State 206H MD: 13,136'
Proposed NSL Zone: Palmillo; Bone Spring, SW
NSL Acreage Dedication: 160 acres (N2S2 Section 15, T. 19 S., R. 28 E., Eddy County, NM)
Location: ~14 air miles SW of Loco Hills, NM SHL: 1973 FSL & 861 FWL 14-19s-28e
Applicant Name: Apache Corporation (432) 818-1168
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NMOCD. If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



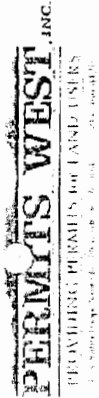
Brian Wood

7017 0190 0001 1435 0214

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OFFICIAL USE	
Certified Mail Fee	\$ 3.45
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<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.35
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$ 1.42
Total Postage and Fees	\$ 7.62
Sent To NM State Land Office	
Street and Apt. No., or PO Box No.	
City, State, ZIP+4®	

PS Form 3800, April 2015

EXHIBIT G



Khody Land & Minerals
210 Park Ave., Suite 900
Oklahoma City, OK 73102

April 2, 2018

As required by New Mexico Oil Conservation Division (NMOCD) Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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Well Name: Palmito 14 15 State 206H MD: 13,136'
Proposed NSL Zone: Palmito; Bone Spring, SW
NSL Acreage Dedication: 160 acres (N2S2 Section 15, T. 19 S., R. 28 E., Eddy County, NM)
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Sincerely,
B. Wood
Brian Wood

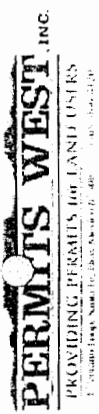
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For delivery information, visit our website at www.usps.com®.

Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add any postage)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$ 1.42
Total Postage and Fees	\$ 7.62

Sent To: Khody Land & Minerals
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

Postmark Here



Penroc Oil Corporation
P. O. Box 2769
Hobbs NM 88241

April 2, 2018

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Please call me if you have any questions.

Sincerely,
B. Wood
Brian Wood

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Extra Services & Fees (check box, add any postage)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$ 1.42
Total Postage and Fees	\$ 7.62

Sent To: Penroc
Street and Apt. No., or PO Box No.
City, State, ZIP+4®

Postmark Here

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Wednesday, April 4, 2018 1:04 PM
To: 'brian@permitswest.com'
Subject: NSL application POOL?

Importance: High

Mr. Brian Wood,

Your recently submitted NSL application has erroneous information please provide the following;

What is the pool you are seeking for the Palmillo 14 15 State Well 206H? The submitted application indicates TWO pools, **please clarify correct** submittals prior to submitting.

Please provide.

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>

From: [Lowe, Leonard, EMNRD](#)
To: ["brian@permitswest.com"](#)
Cc: [Mike Bratcher \(mike.bratcher@state.nm.us\)](#); [Cordero, Gilbert, EMNRD](#); ["lisa@rwbyram.com"](#); [Dawson, Scott, EMNRD](#); [Jones, William V, EMNRD](#); [McMillan, Michael, EMNRD](#); [Goetze, Phillip, EMNRD](#); [Martin, Ed](#); [Holm, Anchor E](#)
Subject: APPROVED NSL-7727 & -7728_Apache Corporation _Palimillo 14 15 State Well No. 205H & 206H_SEC 14 19S 28E
Date: Friday, June 15, 2018 12:35:00 PM
Importance: High

Mr. Brian Wood,

The following administrative orders have been issued and will soon be available on the Division's web site.

<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

APPLICANT: Apache Corporation [OGRID # 873]
POOL: Palimillo; Bone Spring, SW [# 96413]

ORDER No: NSL-7727

WELL: Palimillo 14 15 State Well No. 205H
API #: 30-015-44667

ORDER No: NSL-7728

WELL: Palimillo 14 15 State Well No. 206H
API #: 30-015-44675

Leonard Lowe

Engineering Bureau
Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St. Frances
Santa Fe, New Mexico 87004
Office: 505-476-3492
Cell: 505-930-6717
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>