NSL-7727

RECEIVED: 5/14 /18

REVIEWER: LRL

TYPE: NSL

APP NO: 1813854071

ABOVE THIS TABLE FOR OCD DIVISION USE ON

NEW MEXICO OIL CONSERVATION DIVISION

- Geological & Engineering Bureau – 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION	N CHECKLIST
THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION REGULATIONS WHICH REQUIRE PROCESSING AT THE DIV	
Applicant: Apache Corporation	OGRID Number: <u>873</u>
Well Name: Palmillo 14 15 State 205H	API: 30-015-44667
Pool: Palmillo; Bone Spring, SW	Pool Code: 96413
SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRE INDICATED BELOW	
B. Check one only for [1] or [11] [1] Commingling – Storage – Measurement DHC DTB PLC PC OLS [11] Injection – Disposal – Pressure Increase – Enhance	ced Oil Recovery
 WFX	FOR OCD ONLY Notice Complete
 B. Royalty, overriding royalty owners, revenue owners. C. Application requires published notice D. Notification and/or concurrent approval by SLO 	Application Content Complete
 E. Notification and/or concurrent approval by BLM F. Surface owner G. For all of the above, proof of notification or publi H. No notice required 	cation is attached, and/or,
2) CERTIFICATION: I have by appliful that the information subm	sitta al with this amalia ation for

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.

	5-12-18
Brian Wood	Date
Print or Type Name	505 466-8120
13hood	Phone Number
\sim	brian@permitswest.com
Signature	e-mail Address



REQUEST FOR ADMINISTRATIVE APPROVAL NONSTANDARD LOCATION APACHE CORPORATION'S PALMILLO 14 15 STATE 205H

SHL: 660' FSL & 330' FWL SEC. 14 FTP: 641' FSL & 100' FEL SEC. 15 LTP & BHL: 430' FSL & 100' FWL SEC. 15 T. 19 S., R. 28 E., EDDY COUNTY, NM API 30-015-44667

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 S2S2 15-19s-28e. Dedication (Exhibit A) is all within NMSLO 9,166.42 acre lease X0-0648-0150.

FTP is 100' and 641' from the closest dedication boundaries. FTP is 648' from the closest lease boundary. LTP is 100' and 430' from the closest dedication boundaries. LTP is 430' from the closest lease boundary. Exhibit B shows the lease boundaries 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. In particular, a Stephens & Johnson central tank battery (P-15-19s-28e) in the East Millman Unit water flood concentrated land uses around the SHL and FTP.

Two Stephens & Johnson oil wells, one Stephens & Johnson water injector, one P&A well, two Apache oil wells, 1 DCP gas pipeline right-of-way, 1 Navajo Refining oil pipeline right-of-way, 1 City of Carlsbad water pipeline right-of-way, 3 CVE power line rights-of-way, 1 county road right-of-way, 1 tank battery, and on-lease (no right-of-way) lines and roads associated with Stephens & Johnson's East Millman Unit water flood are in the quarter-quarters in which the SHL and FTP are located (Exhibit C).

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. Both directions are toward the same 9,166.42 acre lease X0-0648-0150.

II. Form C-102 showing the well and 160-acre dedication (S2S2 15-19s-28e) is attached as EXHIBIT D.

Apache operates laydown Bone Spring dedications on the north, northeast, and east of the proposed dedication (EXHIBIT E). Fasken operates a stand-up Bone Spring dedication on the south. No Bone Spring dedication borders on any other side or corner.

- III. Encroachment to the east and west is toward the same State lease. Seven existing Bone Spring dedications border or corner the proposed dedication. This information is current and correct.
- IV. See EXHIBIT E for the proposed well, dedications, and wells. Apache does not believe moving the take points to standard locations is cost effective for this well. The proposed well bore will develop 10% more reservoir than under standard spacing. The \geq 200' offset will avoid communication among fractures in adjacent wells.
- V. There are numerous manmade land use constraints (EXHIBIT C).
- 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, operating, or royalty interests in lands that border the the 160-acre spacing unit. Said notice was sent to BLM, Burlington Resources, COG, Fred Corey, EOG Resources, Fasken Oil & Ranch, Khody Land & Minerals, Melrose Energy, Chuck Morgan, NM State Land Office, Penroc Oil, John Pool, Republic Resources, SDX Resources, Steve Sell, Stephens & Johnson Operating, Tara Energy, and WPX.



Billed	
Brian Wood, Consultant	

5-11-18

Date

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

The foregoing instrument was acknowledged before me this 11th day of May, 2018 by Brian Wood. Witness my hand and official seal.

Notary Public

My Commission Expires:

Business Address: 37 Verano Loop, Santa Fe NM 87508

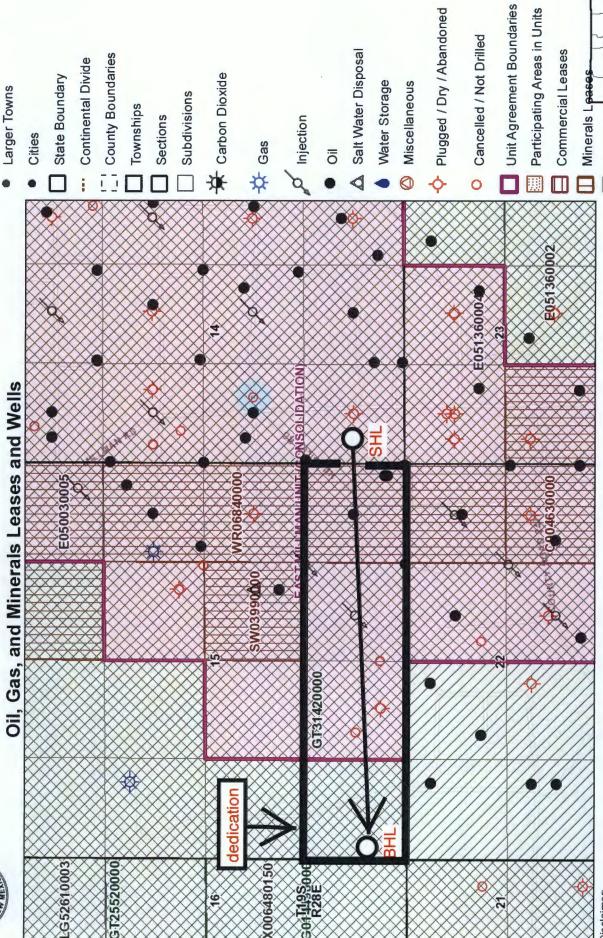


cc: Flores, OCD (Santa Fe)



Smaller Towns

Villages



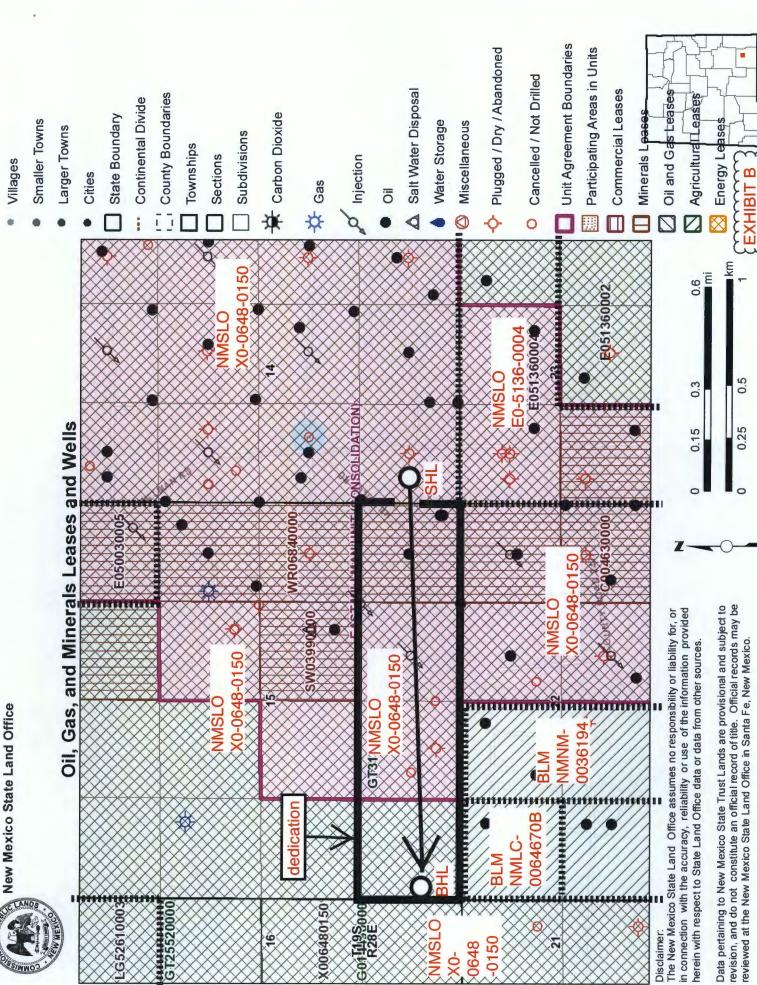
Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office in Santa Fe, New Mexico.

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.

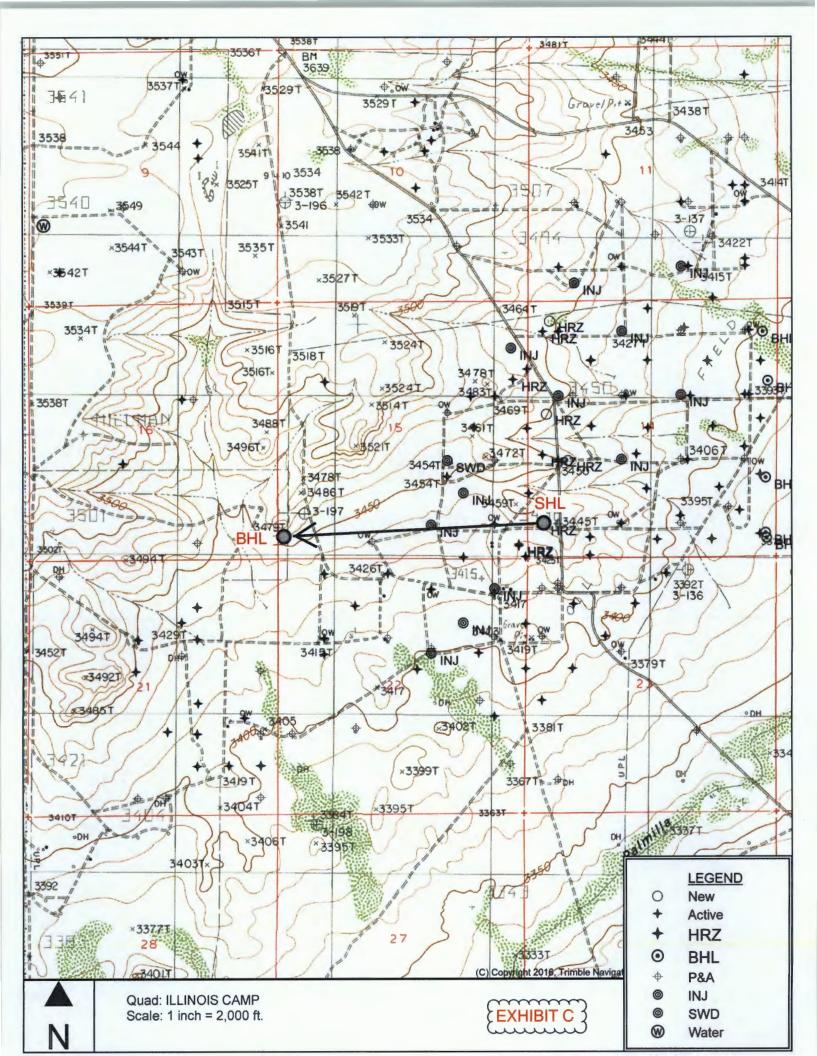
Km 0.6 mi 0.3 0.25 0.15



Oil and Gas Leases



Ornatad 2124 12010



<u>District I</u>
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
<u>District II</u>
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
<u>District III</u>

<u>District III</u>
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
<u>District IV</u>
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

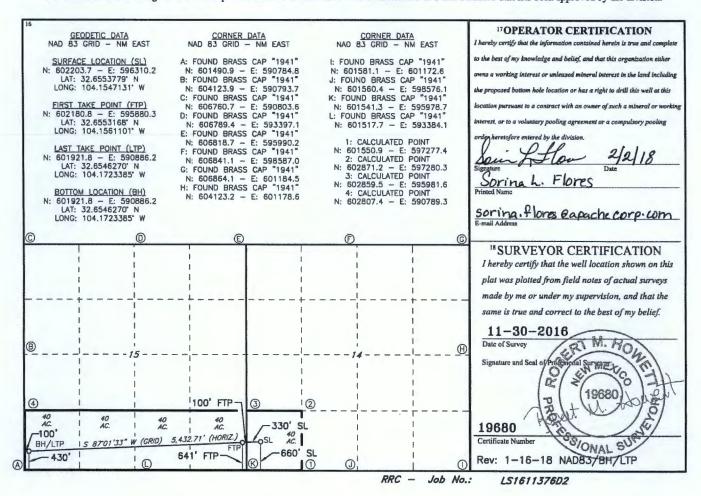
State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

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

☐ AMENDED REPORT

		V	ELL LO	CATIO	N AND ACR	EAGE DEDIC	ATION PLA	Т	
30-015	API Number		9	² Pool Code 6413		Palmillo;	Bonespr		N
4Property Co 31730				PA	⁵ Property Na LMILLO 14-	me		3,	6 Well Number 205H
70GRID 873				AP	8 Operator Na ACHE CORF				⁹ Elevation 3433'
					10 Surface I	Location			
UL or lot no.	Section 14	Township 19S	Range 28E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet From the	East/West li	
			" I	3ottom H	lole Location	If Different Fro	om Surface		
UL or lot no.	Section 15	Township 19S	Range 28E	Lot Idn	Feet from the	North/South line SOUTH	Feet from the	East/West li	
2 Dedicated Acre	s 13 Joint	or Infill 14	Consolidation	Code 15 (Order No.				

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.



Smaller Towns

Villages

Ornatod. 2/24/2014

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.

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.

Agricultural Leases

0.6 mi

0.3

0.15

Energy Leases

EXHIBIT E

0.25



May 11, 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 205H 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 205H

<u>MD</u>: 12,525'

Proposed NSL Zone: Palmillo; Bone Spring, SW

NSL Acreage Dedication: 160 acres (S2S2 Section 15, T. 19 S., R. 28 E., Eddy County, NM) Location: ≈14 air miles SW of Loco Hills, NM SHL: 660' FSL & 330' FWL 14-19s-28e

Applicant Name: Apache Corporation (432) 818-1168

Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

<u>Submittal Information</u>: 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









or delivery inform	= I C	IA	L U	SE	
Return Recelpt (hardcopy Return Recelpt (electronic Certified Mail Restricted D Adult Signature Required	\$ \$ belivery \$ \$		(\$02)	Postmark Here	*.
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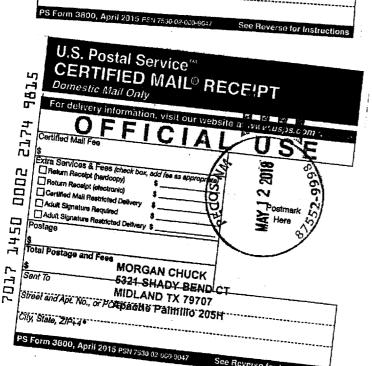












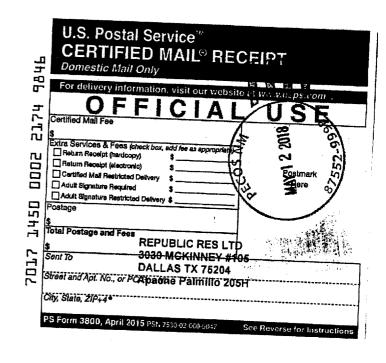


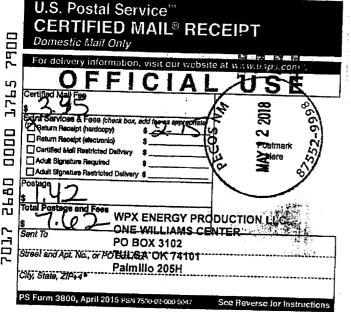














Lowe, Leonard, EMNRD

From:

Brian Wood <bri>drian@permitswest.com>

Sent:

Friday, June 8, 2018 8:44 AM

To:

Lowe, Leonard, EMNRD

Subject:

Re: NSL Diagonal Palmillo 14 15 State Com Well No. 205H

Attachments:

NMSLO_Khody.pdf; ATT00001.htm

Importance:

High

Yes

Lease in NENE 21 is NMSLO lease XO-0648-0150

Lessor (NMSLO) and lessee (Khody) have been noticed and notice received (below).

COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION A. Cignalure ■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse ☐ Addressee so that we can return the card to you. C. Date of Delivery B. Received by (Printed Name) Attach this card to the back of the mallpiece, or on the front if space permits. D. Is delivery address algebra horizone 1? 17 Yes 1. Article Addressed to: **NMSLO** MAY 1 6 2018 PO BOX 1148 SANTA FE NM 87504 Apache Palmillo 205H 3. Service Type □ Adult Signature
□ Adult Signature Restricted Delivery
■ Certified Mai®
□ Certified Mai®
□ Collect on Delivery
□ Collect on Delivery Restricted Delivery ☐ Registered Mall Restricted Delivery Delivery

□ Return Receipt for
Merchandise
□ Signature Confirmation
□ Signature Confirmation
□ Restricted Delivery 9590 9402 3732 7335 6661 93 2. Article Number (Transfer from service label) 7017 1450 0002 2174 9822 stricted Delivery Domestic Return Receipt PS Form 3811, July 2015 PSN 7530-02-000-9053

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DE	LIVERY
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X. Haulu B. Received by (Printed Name) L. Haulu D. Is delivery address different from	☐ Agent ☐ Addressee C. Date of Dallyery 5-(7-1) Item 1? ☐ Yes
1. Article Addressed to: KHODY LAND & MINERALS CO 210 PARK AVENUE, SUITE 900 OKLAHOMA CITY OK 73102	If YES, enter delivery address be	low: □ No
		A CONTRACTOR OF THE CONTRACTOR
Apache Palmillo 205H 9590 9402 3732 7335 6651 27	S. Service Type Adult Signature Adult Signature Restricted Delivery for Certified Mail® Certified Meil Restricted Delivery Collect on Delivery Collect on Delivery Restricted Delivery all Restricted Delivery	☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricte Delivery ☐ Heaturn Receipt for Merchandise ☐ Signature Confirmation™ ☐ Signature Confirmation ☐ Restricted Delivery

Lowe, Leonard, EMNRD

From:

Lowe, Leonard, EMNRD

Sent:

Tuesday, May 29, 2018 8:06 AM

To:

Jones, William V, EMNRD

Subject:

FW: [No. 96413] Palmillo; Bone Spring, SW

From: Kautz, Paul, EMNRD

Sent: Tuesday, May 29, 2018 7:14 AM

To: Lowe, Leonard, EMNRD < Leonard. Lowe@state.nm.us>

Subject: RE: [No. 96413] Palmillo; Bone Spring, SW

No, this pool is in Artesia District, but I have corrected it in e-permitting. Correct footage is 330. Also this pool is exempt from GOR Limit.

Paul Kautz
Hobbs District Geologist
Energy Minerals Natural Resources Dept.
Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240
575-393-6161 ext. 104

From: Lowe, Leonard, EMNRD

Sent: Friday, May 25, 2018 11:07 AM

To: Kautz, Paul, EMNRD < <u>paul.kautz@state.nm.us</u>> Subject: [No. 96413] Palmillo; Bone Spring, SW

Mr. Paul Kautz,

Good afternoon,

For the above Subject Pool, according to ePermitting of this Pool these are the Set backs and Acreage: A = 40 Acres, S.B. = 660

Is this correct?

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

Lowe, Leonard, EMNRD

From:

Lowe, Leonard, EMNRD

Sent:

Thursday, June 7, 2018 1:17 PM

To:

'brian@permitswest.com'

Subject:

NSL Diagonal Palmillo 14 15 State Com Well No. 205H

Importance:

High

Brian Woods,

Your NSL application for Palimillo 14 15 State Well No. 205H.

Your LTP is 430' FSL & 100' FWL, the Diagonal is 441', less than 467'.

Did you provide notice to the NE4 NE4 of Section 21? If not, then public notice needs to be provided.

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: <u>Mike Bratcher (mike.bratcher@state.nm.us)</u>; <u>Cordero, Gilbert, EMNRD</u>; <u>"lisa@rwbyram.com"</u>; <u>Dawson, Scott,</u>

EMNRD; Jones, William V, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Martin, Ed; Holm, Anchor

F

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**: Palmillo; 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/