

DATE 10/24/11	SUSPENSE	ENGINEER DILB	LOGGED IN 10/24/11	TYPE NSL	APP NO. 1129753213
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PT&W

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Apache 873

Hawk Fed B1 #69

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

6504

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.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent for Apache Corporation
 Title

10/24/11
 Date

drctanach@netscape.com
 E-Mail Address

October 24, 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 Unorthodox Well Location
Hawk Federal B 1 No. 69
API No. (N/A)
2480' FSL & 1805' FEL, Unit J
Section 8, T-21 South, R-37 East, NMPM,
Lea County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed Hawk Federal B 1 No. 69. This well will be drilled primarily as a Wantz-Abo (Oil - 62700) test well, and if the well is non-productive or non-commercial in the Abo formation, the well will be re-completed up-hole as a development oil well in the Apache West Blinebry Drinkard Unit Waterflood Project.

In the Wantz-Abo Pool, the Hawk Federal B 1 No. 69 will be dedicated to the NW/4 SE/4 of Section 8 thereby forming a standard 40-acre oil spacing and proration unit in the Wantz-Abo Pool.

The Wantz-Abo Pool is currently subject to Division Rule 19.19.15.9 which requires standard 40-acre spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The Hawk Federal B 1 No. 69 is not within the Wantz-Abo Pool, but is within one mile of this pool. There are currently no Abo producing wells within the proposed spacing unit or affected offset acreage.

Apache proposes to drill the Hawk Federal B 1 No. 69 at the proposed location for economic reasons. In the event the well is non-productive or non-commercial in the Wantz-Abo Pool, Apache plans to recomplete the well in the North Eunice Blinebry-Tubb-Drinkard Pool as an infill development well in Apache's West Blinebry Drinkard Unit Waterflood Project. As shown on the attached map, a well at this location will

enable Apache to recover additional oil and gas reserves from the Blinebry-Tubb-Drinkard formation that will otherwise not be recovered by the existing wells, thereby preventing waste. Also, by utilizing a single wellbore to access reserves in both the Abo and Blinebry-Tubb-Drinkard formations, Apache can recover reserves that may otherwise not economically justify drilling separate wells.

Apache estimates that if the well is productive in the Abo formation, it may recover an additional 55 MBO of oil.

The affected offset acreage in the Wantz-Abo Pool is the SW/4 NE/4 of Section 8. As shown on the attached map, the proposed spacing unit is located on Apache's Hawk B 1 Lease, and the affected offset acreage is located on Apache's Hawk A Lease. Please be advised that although the net revenue interest between these two Apache-operated leases is not entirely common, the working interest ownership is exactly the same. Consequently, notice of this application is not required to any party. Please be further advised that Apache and the other working interest owners within the proposed spacing unit and the affected offset acreage will enter into a cooperative well agreement for the drilling of the Hawk Federal B 1 No. 69 which will, among other things, contain provisions that govern the sharing of well costs and allocation of production.

Attached is a Form C-102 showing the proposed well location and a map showing lease boundaries and offset producing and injection wells in the West Blinebry Drinkard Unit Waterflood Project.

In summary, approval of the application will provide Apache the opportunity to economically recover oil and gas reserves from the Wantz-Abo and North Eunice Blinebry-Tubb-Drinkard Pools underlying the NW/4 SE/4 of Section 8 that may otherwise not be recovered by the existing wells, 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
303 Veterans Airpark Lane, Suite 3000
Midland, Texas 79705-4561

Xc: OCD-Hobbs

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
1801 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1820 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 18, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 62700	Pool Name Wantz-Abo
Property Code 24427	Property Name HAWK FEDERAL B-1	Well Number 69
OGRID No. 0873	Operator Name APACHE CORPORATION	Elevation 3531'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	8	21 S	37 E		2480	SOUTH	1805	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.
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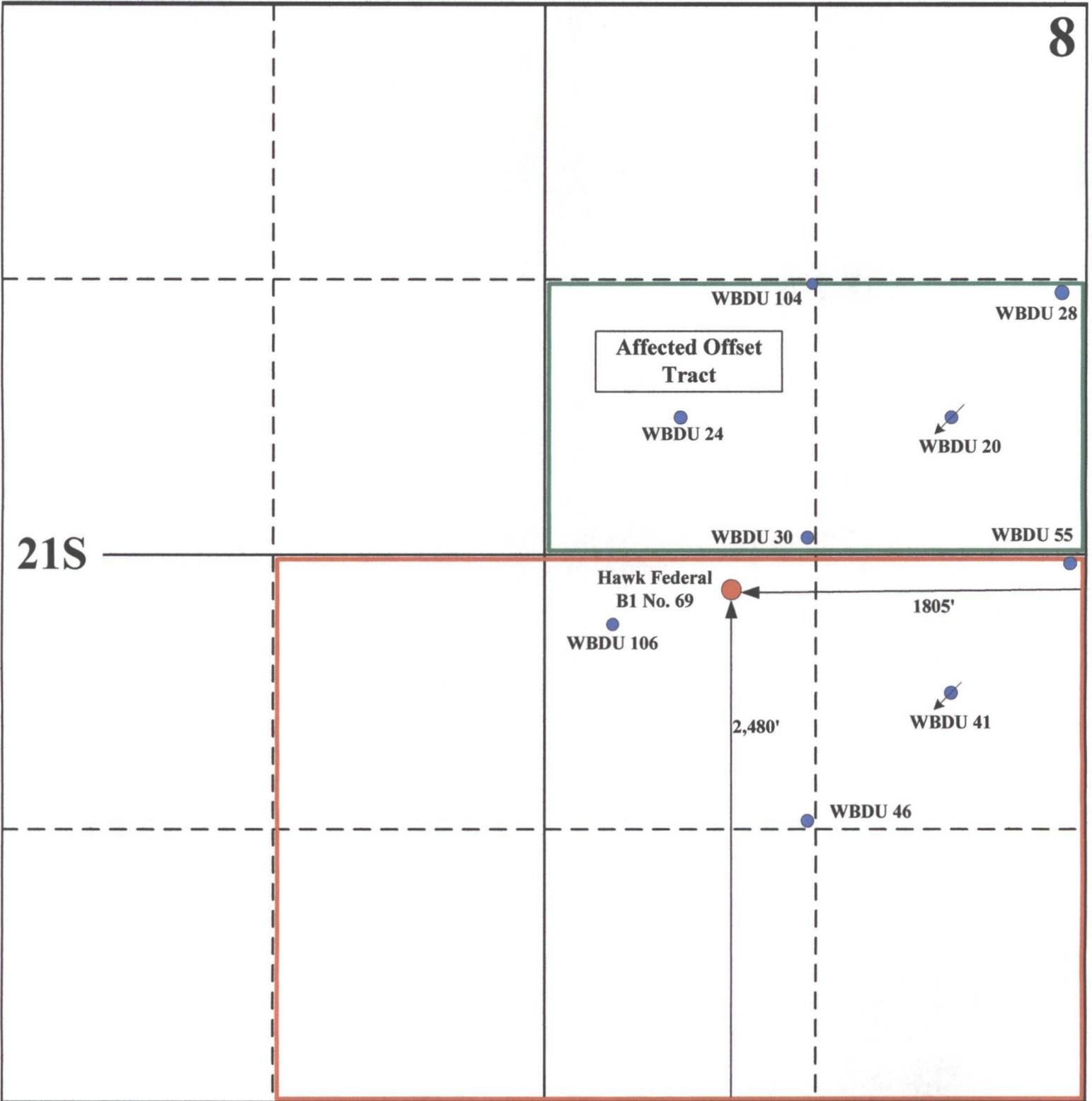
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>SURFACE LOCATION Lat - N 32°29'34.82" Long - W 103°10'56.75" NMSPC - N 545000.745 E 896191.481 (NAD-83)</p> <p>SURFACE LOCATION Lat - N 32°29'34.36" Long - W 103°10'54.94" NMSPC - N 544940.241 E 855007.354 (NAD-27)</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p>
	<p>SURVEYOR CERTIFICATION</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 _____</p> <p>Signature of _____ of Professional Surveyor 7977</p>
	<p>Certificate No. Gary L. Jones 7977</p>
	<p>BASIN SURVEYS 24878</p>

Apache Corporation
Application for Non-Standard Well Location
Hawk Federal B 1 No. 69

37E

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— Apache Hawk A Lease
— Apache Hawk B1 Lease

● Existing or Proposed West Blinebry Drinkard Unit Producing Wells
● Existing West Blinebry Drinkard Unit Injection Wells