

DATE IN 5.25.12	SUSPENSE 6-15-12	ENGINEER DB	LOGGED IN 5.25.12	TYPE NSL	APP NO. 1214653626
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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
D State #76

ADMINISTRATIVE APPLICATION CHECKLIST

30-015-40309

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]

6644

[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 _____

X-25-175-28E

[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

5/25/12
 Date

drcatanach@netscape.com
 E-Mail Address

May 25, 2012

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
D State Well No. 76
API No. (30-015-40309)
2270' FSL & 1040' FEL (Unit I)
Section 25, T-17 South, R-28 East, NMPM,
Eddy 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 D State No. 76. This well will be drilled as a development oil well in the Artesia Glorieta-Yeso Pool (96830).

The proposed D State No. 76 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NE/4 SE/4 of Section 25. This unit is currently dedicated to Apache's: i) existing D State No. 21 (API No. 30-015-30975) located at a standard well location 2310 feet from the South line and 330 feet from the East line; ii) existing D State No. 45 (API No. 30-015-38409) located at standard well location 1820 feet from the South line and 350 feet from the East line; and iii) existing Dad State No. 42 (API No. 30-015-33456) located at an unorthodox location 1916 feet from the South line and 1190 feet from the East line.

The Artesia Glorieta-Yeso Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The attached vicinity map shows that the proposed unorthodox well location is necessary in order to maintain a safe distance from State Highway 82.

The two affected offset tracts are the SW/4 NE/4 and NW/4 SE/4 of Section 25 (see attached plat). Both of these affected offset tracts are operated by Apache in the Artesia Glorieta-Yeso Pool. The working interest ownership between the drill tract and

the NW/4 SE/4 of Section 25 is common. The working interest ownership between the drill tract and the SW/4 NE/4 of Section 25 is not common. Consequently, notice of this application is being provided, by certified mail, to all Glorieta-Yeso working interest owners within the SW/4 NE/4 of Section 25. These owners include COG Operating, LLC, Khody Land and Minerals Company, Marathon Oil Company and Yates Petroleum Corporation.

Attached is a Form C-102 showing the proposed well, spacing unit, other existing or proposed wells in the spacing unit and the affected offset acreage. Also attached is a vicinity map, an offset working interest owner notice letter, and an offset working interest owner notice list.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Artesia Glorieta-Yeso Pool underlying the NE/4 SE/4 of Section 25 that may otherwise not be recovered by the existing or proposed producing 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

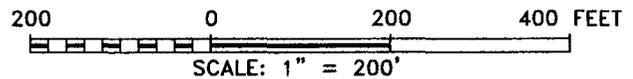
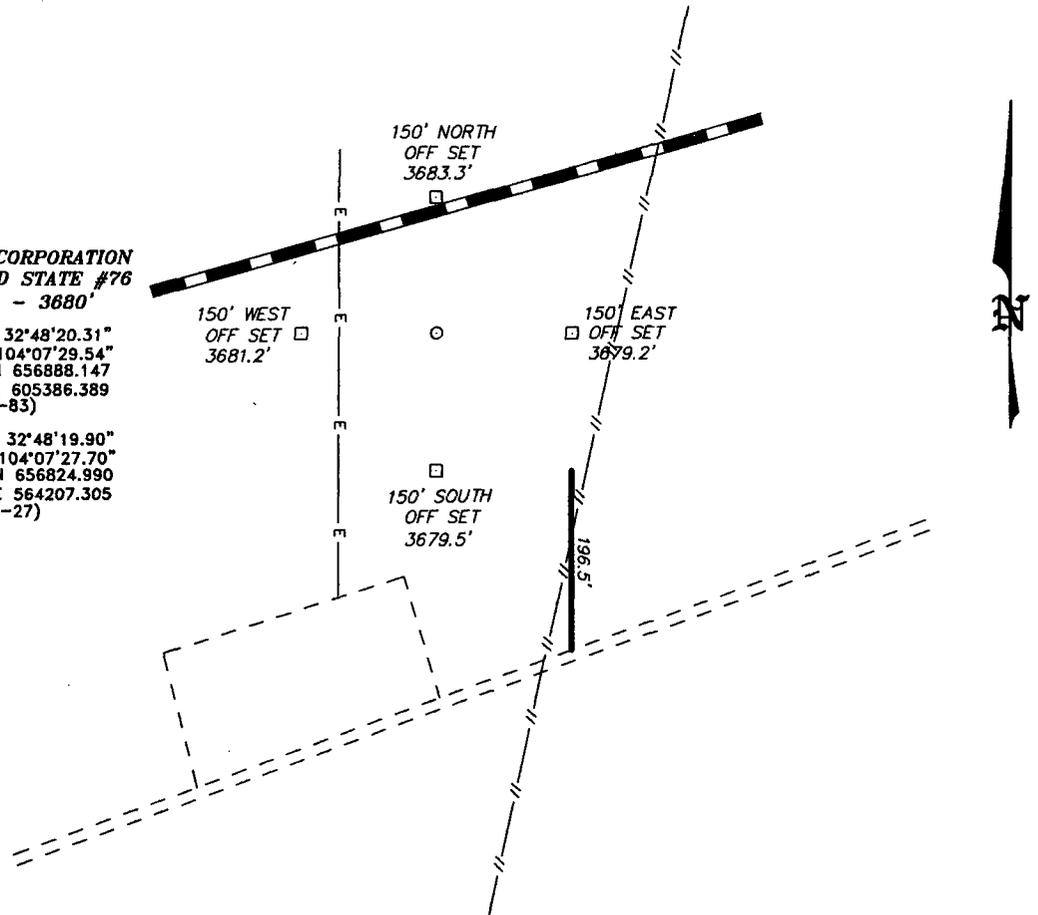
Xc: OCD-Artesia

**SECTION 25, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**

**APACHE CORPORATION
APACHE D STATE #76
ELEV. - 3680'**

Lat - N 32°48'20.31"
Long - W 104°07'29.54"
NMSPCE- N 656888.147
E 605386.389
(NAD-83)

Lat - N 32°48'19.90"
Long - W 104°07'27.70"
NMSPCE- N 656824.990
E 564207.305
(NAD-27)



Directions to Location:

FROM MILE MARKER 124 GO WEST TO LEASE ROAD,
GO SOUTH 0.1 MILES TURNING EAST 0.4 MILES TO
PROPOSED LEASE ROAD.

APACHE CORPORATION

REF: APACHE D STATE #76 / WELL PAD TOPO

THE APACHE D STATE #76 LOCATED 2270'

FROM THE SOUTH LINE AND 1040' FROM THE EAST LINE OF
SECTION 25, TOWNSHIP 17 SOUTH, RANGE 28 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 26698

Drawn By: J. SMALL

Date: 05-10-2012

Disk: JMS 26698

Survey Date: 05-07-2012

Sheet 1 of 1 Sheets

May 25, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Working Interest Owners (See Attached List)

Re: Apache Corporation
Application for Unorthodox Oil Well Location
D State No. 76
2270' FSL & 1040' FEL (Unit I)
Section 25, T-17 South, R-28 East, NMPM,
Artesia Glorieta-Yeso Pool
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation ("Apache") for authorization to drill its D State No. 76 at an unorthodox oil well location in the Artesia Glorieta-Yeso Pool 2270 feet from the South line and 1040 feet from the East line (Unit I) of Section 25, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The well will be dedicated to an existing 40-acre spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NE/4 SE/4 of Section 25. This unit is currently dedicated to the existing Apache D State Wells No. 21 and 45, and the existing Dad State No. 42. The unorthodox location is necessary in order to maintain a safe distance from State Highway 82.

As the owner of an interest that may be affected by the proposed unorthodox oil well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

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

Enclosure

Notice List
Apache Corporation
Application for Unorthodox Well Location
D State No. 76; 2270' FSL & 1040' FEL (Unit I)
Section 25, T-17 South, R-28 East, NMPM

COG Operating, LLC
550 W. Texas Ave., Suite 100
Midland, Texas 79701
Attn: David Evans

Khody Land & Minerals Co.
Attn: Land Dept.
3817 NW Expressway, Suite 950
Oklahoma City, OK 73112

Marathon Oil Company
Attn: Land Dept.
200 North Loraine, Suite 1310
Midland, Texas 79702

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, New Mexico 88210

7011 2970 0003 9311 4074

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OKLAHOMA CITY OK 73112
OFFICIAL USE

Postage	\$	\$1.10
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.40

Postmark Here
 MAY 25 2012
 05/25/2012

Sent To
Khody Land & Minerals Co.
Attn: Land Dept.
 Street, Apt. No. or PO Box No. **3817 NW Expressway, Suite 950**
 City, State, ZIP **Oklahoma City, OK 73112**

PS Form 3800, August 2006 See Reverse for Instructions

7011 2970 0003 9311 4086

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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MIDLAND TX 79701
OFFICIAL USE

Postage	\$	\$1.10
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.40

Postmark Here
 MAY 25 2012
 05/25/2012

Sent To
COG Operating, LLC
550 W. Texas Avenue, Suite 100
Midland, Texas 79701
Attn: David Evans

PS Form 3800, August 2006 See Reverse for Instructions

7011 2970 0003 9311 4055

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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ARTESIA NM 88210
OFFICIAL USE

Postage	\$	\$1.10
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.40

Postmark Here
 MAY 25 2012
 05/25/2012

Sent To
Yates Petroleum Corporation
Attn: Land Dept.
 Street, Apt. No. or PO Box No. **105 S. Fourth Street**
 City, State, ZIP **Artesia, New Mexico 88210**

PS Form 3800, August 2006 See Reverse for Instructions

7011 2970 0003 9311 4062

U.S. Postal Service™
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For delivery information visit our website at www.usps.com

MIDLAND TX 79702
OFFICIAL USE

Postage	\$	\$1.10
Certified Fee		\$2.95
Return Receipt Fee (Endorsement Required)		\$2.35
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.40

Postmark Here
 MAY 25 2012
 05/25/2012

Sent To
Marathon Oil Company
Attn: Land Dept.
 Street, Apt. No. or PO Box No. **200 North Loraine, Suite 1310**
 City, State, ZIP **Midland, Texas 79702**

PS Form 3800, August 2006 See Reverse for Instructions