



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

PTG-d
 Apache
 Washington 33
 St # 38
 (6842)

SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
6/14/12	DB	5.25.12	NSL	1214630708

ABOVE THIS LINE FOR DIVISION USE ONLY

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

Apache Corporation's
 Washington 33 State 38
 30-015-40014 ✓

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

J-33-175-20E

- [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.

Print or Type Name

Signature

Title

Date

BRIAN WOOD
 (505) 466-8120
 FAX 466-9682

CONSULTANT

5-22-12

e-mail Address

brian@permitswest.com

**REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION
WASHINGTON 33 STATE 38
1525' FSL & 2360' FEL
SECTION 33, T. 17 S., R. 28 E., EDDY COUNTY, NM
API 30-015-40014**

I. The proposed well is on New Mexico State Land Office (NMSLO) oil and gas lease X0-0647-0408 and private surface (Bogle Ltd. Company). The well bore will be 1,525' from the closest (south) lease line. The proposed oil well is nonstandard for the Artesia; Glorieta-Yeso (O) Pool (96830) due to land uses (three buried pipelines). A copy of the APD cover sheet is attached (EXHIBIT A).

Apache requests a nonstandard location due to land uses. There are multiple power lines, multiple pipelines, satellite, one water injection well, two other proposed Yeso wells, one Queen-Grayburg-San Andres well, and five plugged and abandoned wells in the NWSE Section 33.

The 480 acre state lease comprises the E2 and E2W2 of Section 33. The well was planned to be staked at 1650 FSL & 2310 FEL. However, that would force at least three buried pipelines and one surface pipeline to be moved (see EXHIBIT B).

A standard location must be at least 330' from the quarter-quarter line. The well bore is 205' from the closest quarter-quarter line (south side of the quarter-quarter) and 280' from the next closest quarter-quarter line (west side of the quarter-quarter). It is 50' too far west and 125' too far south (see C-102 as EXHIBIT C).

II. A C-102 form showing the well and 40 acre pro ration unit (NWSE Section 33) is attached as EXHIBIT C.

The oil and gas lease boundary is marked as a solid line on the attached (EXHIBIT D) topographic map. The well bore encroaches 50' too far west and 125' too far south. The encroachment is toward the interior of the same state lease (X0-0647-0408).

There are ten existing or proposed Yeso wells in the encroached quarter-quarters (2 in NESW, 4 in SESW, and 4 in SWSE; all Section 33). All

encroached quarter-quarters are part of the same state lease and all ten wells are Apache wells. All eight bordering or cornering quarter-quarters are on the same state lease (EXHIBIT D).

III. See Exhibit E for existing and approved but not yet drilled Yeso wells (circles). Apache operates all existing or proposed Yeso wells (circles on EXHIBIT E) in all 8 of the 8 offset quarter-quarters. Closest (611') existing or approved Yeso well is Apache's approved, but not yet drilled, Washington 33 State 57 (30-015-40159) at 1565 FSL & 1750 FEL 33-17s-28e.

This information is current and correct.

IV. See Exhibits C and E for the proposed well, proration unit, drilling windows, and all wells. Apache does not believe it is cost effective to directionally drill this well from an existing pad.

V. See Exhibit B for surface uses (three buried pipelines) that prevent use of a standard location. There are multiple power lines, multiple pipelines, satellite, one water injection well, two other proposed Yeso wells, one Queen-Grayburg-San Andres well, and five plugged and abandoned wells in the NWSE Section 33.

VI. Archaeology is not an issue.

VII. The well was planned to be staked at 1650 FSL & 2310 FEL. However, that would force at least three buried pipelines and one surface pipeline to be moved (see EXHIBIT B).

VIII. Apache does not believe directional drilling to a standard bottom hole location is cost effective for this well.

IX. I hereby certify that Apache Corporation has 100% of the Yeso working interest in the lease which comprises the proposed 40 acre spacing unit and the adjacent quarter-quarters on one or more of the two sides or the single closest corner to the proposed well toward which it encroaches and that the information is current and correct.

I hereby attest that I, on or before the date that the application was

submitted to the division, sent notification to the affected persons (see Exhibit F) 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 quarter-quarters which border the 40 acre spacing unit. Said notice was sent to:

NM State Land Office

B. Wood

Brian Wood, Consultant

5-21-12

Date

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

The foregoing instrument was acknowledged before me this 21st day of May, 2012 by Brian Wood. Witness my hand and official seal.

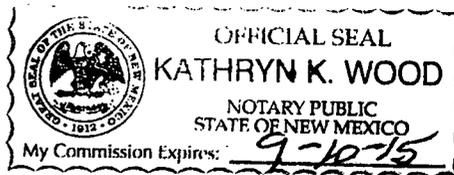
Kathryn K. Wood

Notary Public

My Commission Expires: 9-10-15

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508

cc: Flores, OCD (Artesia & Santa Fe)



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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 145182

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address APACHE CORP 303 Veterans Airpark Lane Midland, TX 79705		2. OGRID Number 873
		3. API Number 30-015-40014
4. Property Code 309175	5. Property Name WASHINGTON 33 STATE	6. Well No. 038

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	33	17S	28E	J	1525	S	2360	E	EDDY

8. Pool Information

ARTESIA; GLORIETA-YESO (O)	96830
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Additional Well Information

9. Well Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3663
14. Multiple N	15. Proposed Depth 5100	16. Formation Yeso Formation	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	500	350	
Prod	7.875	5.5	17	5100	750	

Casing/Cement Program: Additional Comments

--

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Hydri	3000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Randy Dade	
	Title: District Supervisor	
	Approved Date: 3/7/2012	Expiration Date: 3/7/2014
	Printed Name: Electronically filed by Bobby Smith	
	Date: 3/5/2012 Phone: 432-818-1020	
Conditions of Approval Attached		

EXHIBIT A

SECTION 33, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY **NEW MEXICO**

approximate location of
 1650 FSL & 2310 FEL

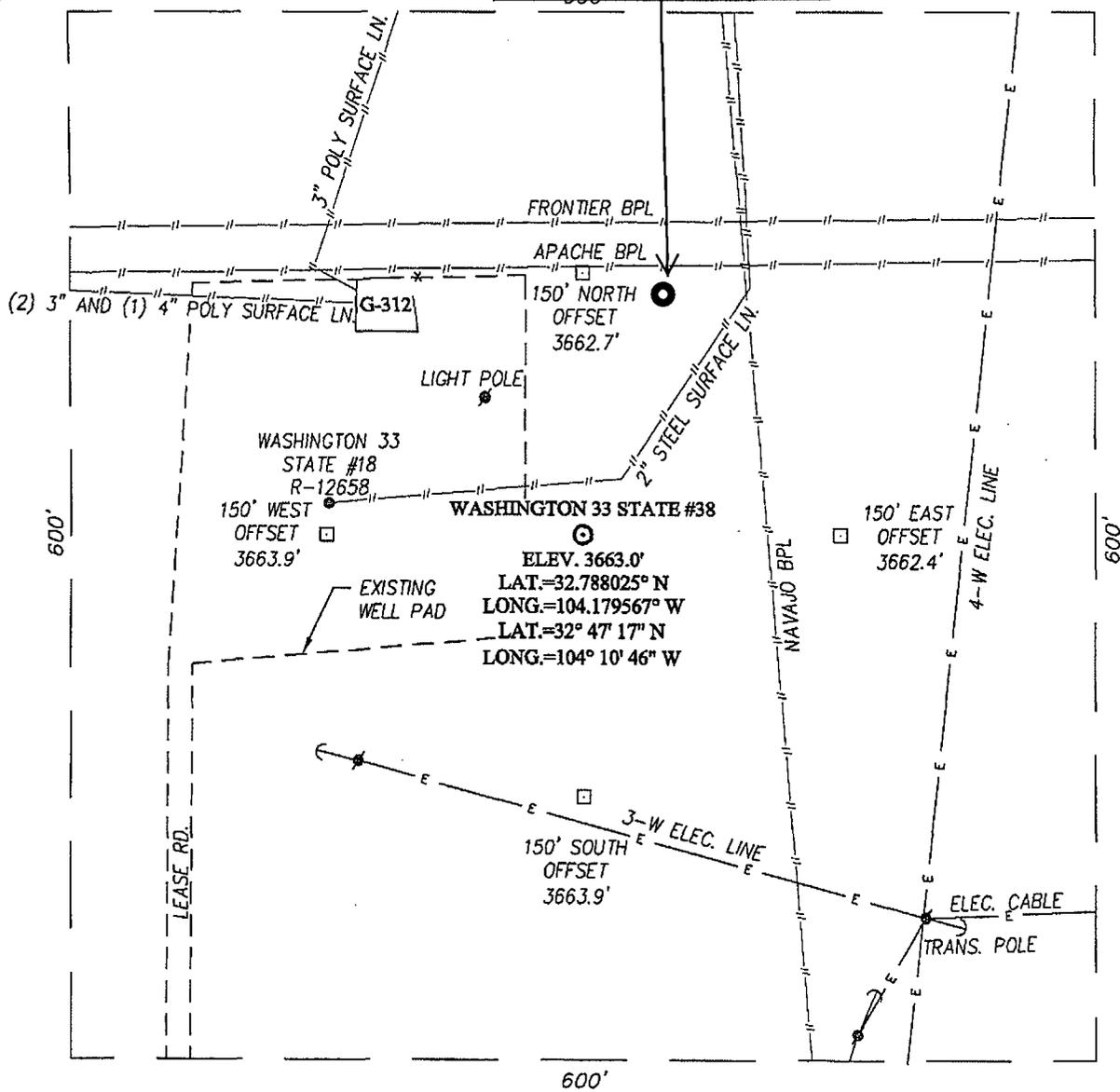
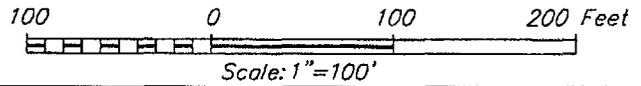


EXHIBIT B



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #229 (DEPCO) AND CO. RD. #228 (ARCO) GO EAST ON CO. RD. #228 APPROX. 0.1 MILES. TURN LEFT AND GO NORTH APPROX. 0.1 MILES TO WASHINGTON 33 STATE 18 R WELL; THIS LOCATION IS APPROX. 150 FEET EAST.

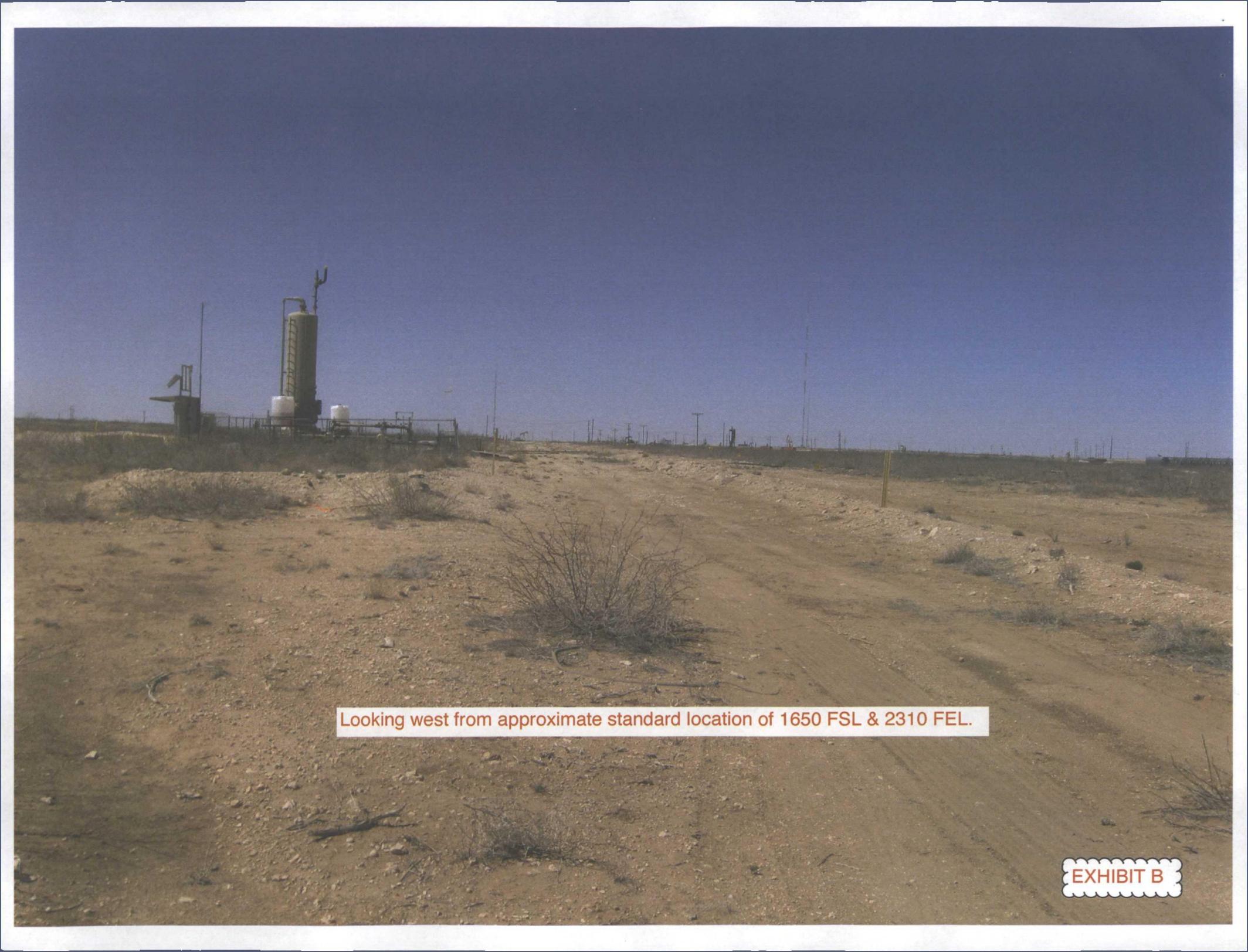


PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117 www.jwsc.biz

APACHE CORPORATION

WASHINGTON 33 STATE #38 WELL
 LOCATED 1525 FEET FROM THE SOUTH LINE
 AND 2360 FEET FROM THE EAST LINE OF SECTION 33,
 TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

Survey Date: 02/15/12	CAD Date: 02/22/12	Drawn By: AF
W.O. No.: 12110201	Rev: .	Rel. W.O.: .



Looking west from approximate standard location of 1650 FSL & 2310 FEL.

EXHIBIT B

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 August 1, 2011
 Permit 145182

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40014	2. Pool Code 96830	3. Pool Name ARTESIA; GLORIETA-YESO (O)
4. Property Code 309175	5. Property Name WASHINGTON 33 STATE	6. Well No. 038
7. OGRID No. 873	8. Operator Name APACHE CORP	9. Elevation 3663

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	33	17S	28E		1525	S	2360	E	EDDY

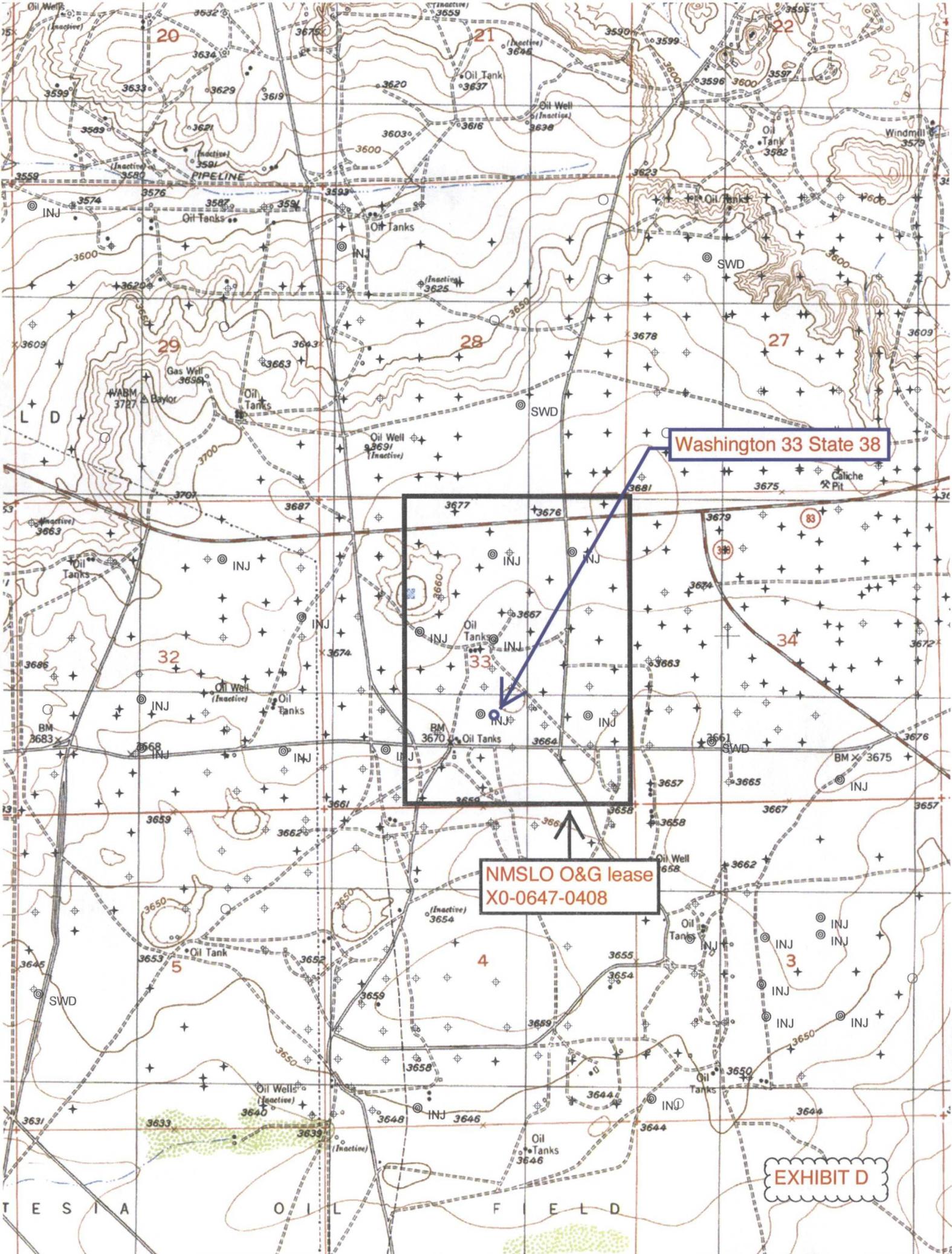
11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code			15. 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

<table border="1"> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td style="background-color: #cccccc;"> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </table>																	<p align="center">OPERATOR CERTIFICATION</p> <p><i>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(s) 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.</i></p> <p>E-Signed By: Bobby Smith Title: Date: 3/5/2012</p>
<p align="center">SURVEYOR CERTIFICATION</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>Surveyed By: RONALD EIDSON Date of Survey: 2/15/2012 Certificate Number: 3239</p>																	

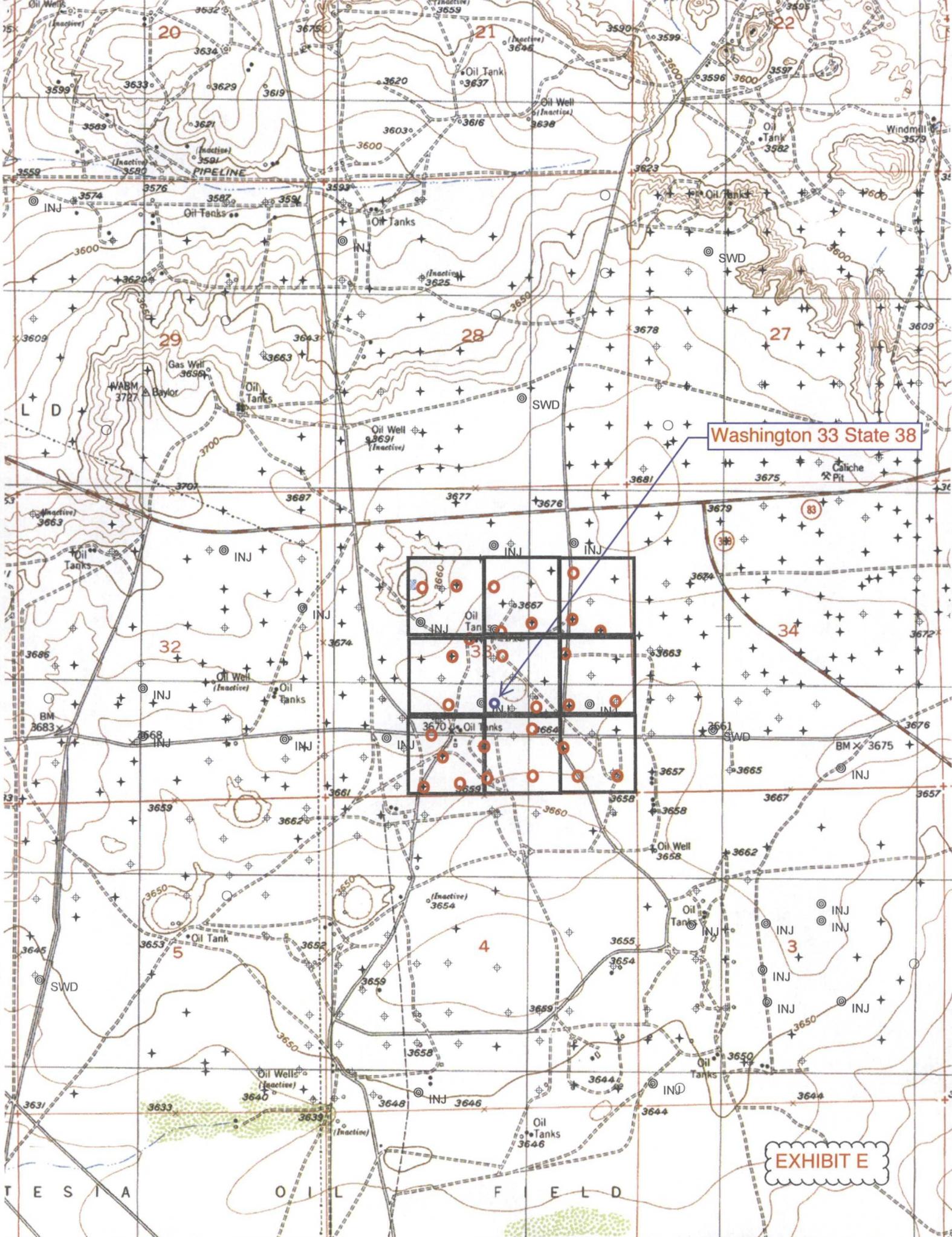
EXHIBIT C



Washington 33 State 38

NMSLO O&G lease
X0-0647-0408

EXHIBIT D



Washington 33 State 38

EXHIBIT E

TESIA OIL FIELD

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

May 21, 2012

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

Dear Scott,

As required by New Mexico Oil Conservation Division 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 to drill its Washington 33 State 38 oil well. The minimum state distance for such a well is 330' from a quarter-quarter line. The well is 100' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: Washington 33 State 38 Where: 1525 FSL & 2360 FEL 33-17s-28e
Proposed NSL Zone: Artesia; Glorieta-Yeso (O) ID: 5,100'
NSL Acreage Dedication: 40 acres (NWSE Section 33, T. 17 S., R.28 E., Eddy County, NM on State lease X0-0647-0408 (well is 1525' from the closest lease boundary)
Approximate Location: ~12 air miles west-southwest of Loco Hills, NM
Applicant Name: Apache Corporation (432) 818-1167
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland, TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (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

EXHIBIT F

7011 3500 0000 1601 7381

U.S. Postal Service [™]	
CERTIFIED MAIL[™] RECEIPT	
<i>(Domestic Mail Only, No Insurance Coverage Provided)</i>	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 9.75
Sent To	
NMSLO USPS	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, August 2006	
See Reverse for Instructions	

SANKS DRO NEW MEXICO 87053
Postmark Here
MAY 22 2012

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, June 04, 2012 12:03 PM
To: 'brian@permitswest.com'
Subject: Apache Corporation - Washington 33 State Wells ## 37 and 38 - NSL applications

Dear Mr. Wood

I need to call your attention to a defect in Paragraph IX of your standard template for NSL applications.

Your paragraph IX states that "Apache Corporation has 100% of the Yeso working interest in the lease which comprises the proposed 40 acre spacing unit and the adjacent quarter-quarters on one or more of the two sides or the single closest corner to the proposed well toward which it encroaches."

I concluded that the above statement is problematic when analyzing your application for the Washington 33 State #38, because it appears that the proposed location for that well is 205 feet from the south line of the spacing unit, and 280 feet from the west line of the spacing unit, and therefore encroaches toward both the west and south lines, as well as the southwest corner. Really literally, your template statement tells me only that Apache owns the working interest on "one or more of the two sides" toward which it encroaches. Clearly we cannot accept this as a certification complying with 19.15.15.13 NMAC because where the encroachment is toward two sides, we need to know about ownership of the units adjoining on both of the two sides, not mere "one or more of the two sides."

Please advise if Apache indeed owns 100% of the working interest in Units K, N and O of Section 33 (Washington State 33 #38 application) and in Unit D of Section 33 and Unit M of Section 28 (Washington State 33 #37).

In future applications, please conform your template statement to the facts of each case so that OCD will know that you have correctly identified the spacing unit or units encroached upon, and we may have confidence that your list of affected persons includes the proper parties in all of the encroached upon units.

Also, OCD rules do not require that notice be sent to the State Land Office for NSL applications unless the proposed location encroaches upon unleased State minerals. While I am sure that SLO will appreciate being apprised of what your client is doing, your inclusion of the language about the 20-day protest period in you notice to SLO requires us to hold these applications for 20 days, which, if the working interest ownership is truly identical as to all encroached upon spacing units, would otherwise not be necessary.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, June 05, 2012 10:17 AM
To: 'Brian Wood'
Subject: RE: Apache Corporation - Washington 33 State Wells ## 37 and 38 - NSL applications

Dear Mr. Wood

Thanks for the information.

Re #38: Please continue checking on ownership of Unit N. That is the diagonal. My interpretation is that a location encroaches on a diagonal offset unless it is at least 467 feet from the common corner (*i.e.*, the distance that the closest orthodox location would be – 330 feet each way=467 feet diagonally).

Re #37: Please furnish a certificate of service on ConocoPhillips and Atofina that complies with 19.15.15.13.D NMAC.

Thanks

David K. Brooks

From: Brian Wood [<mailto:brian@permitswest.com>]
Sent: Monday, June 04, 2012 6:44 PM
To: Brooks, David K., EMNRD
Subject: Re: Apache Corporation - Washington 33 State Wells ## 37 and 38 - NSL applications

#38:
Apache has 100% of the Yeso WI in K and O 33-17s-28e.
I am checking on N 33-17s-28e.
#38 is 347' from that quarter-quarter.

#37:
Apache does not have Yeso WI in D 33-17s-28e.
Apache does not have Yeso WI in M & N 28-17s-28e.
Therefore, I notified ConocoPhillips and Atofina who do have the Yeso.
Should I revise that paragraph?
On Jun 4, 2012, at 12:02 PM, Brooks, David K., EMNRD wrote:

Dear Mr. Wood

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I concluded that the above statement is problematic when analyzing your application for the Washington 33 State #38, because it appears that the proposed location for that well is 205 feet from the south line of the spacing unit, and 280 feet from the west line of the spacing unit, and therefore encroaches toward both the west and south lines, as well as

Brooks, David K., EMNRD

From: Brian Wood <brian@permitswest.com>
Sent: Monday, June 04, 2012 6:44 PM
To: Brooks, David K., EMNRD
Subject: Re: Apache Corporation - Washington 33 State Wells ## 37 and 38 - NSL applications

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Please advise if Apache indeed owns 100% of the working interest in Units K, N and O of Section 33 (Washington State 33 #38 application) and in Unit D of Section 33 and Unit M of Section 28 (Washington State 33 #37).

In future applications, please conform your template statement to the facts of each case so that OCD will know that you have correctly identified the spacing unit or units encroached upon, and we may have confidence that your list of affected persons includes the proper parties in all of the encroached upon units.

Also, OCD rules do not require that notice be sent to the State Land Office for NSL applications unless the proposed location encroaches upon unleased State minerals. While I am sure that SLO will appreciate being apprised of what your client is doing, your inclusion of the language about the 20-day protest period in you notice to SLO requires us to hold these applications for 20 days, which, if the working interest ownership is truly identical as to all encroached upon spacing units, would otherwise not be necessary.

Sincerely

Brooks, David K., EMNRD

From: Brian Wood <brian@permitswest.com>
Sent: Tuesday, June 05, 2012 9:13 AM
To: Brooks, David K., EMNRD
Subject: Re: Apache - Washington 33 State Well #38 - NSL

Regarding #38

Apache has confirmed that they have 100% of Yeso WI in N-33-17s-28e.

As I stated last evening, they also have 100% of Yeso WI in K & O 33-217s-28e.

On Jun 4, 2012, at 12:02 PM, Brooks, David K., EMNRD wrote:

Dear Mr. Wood

I need to call your attention to a defect in Paragraph IX of your standard template for NSL applications.

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Sincerely

David K. Brooks
Legal Examiner