

ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Apache  
Lee Fed #43*

**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

Lee Federal 43  
30-015-39837

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 \_\_\_\_\_

2012 SEP 12 A 9:39  
RECEIVED OGD

[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.

Brian Wood		Consultant	9-11-12
Print or Type Name	Signature	Title	Date
		brian@permitswest.com	
		e-mail Address	

**REQUEST FOR ADMINISTRATIVE APPROVAL  
NONSTANDARD LOCATION  
APACHE CORPORATION'S  
LEE FEDERAL 43  
240' FSL & 380' FWL  
SECTION 17, T. 17 S., R. 31 E., EDDY COUNTY, NM  
API 30-015-39837**

I. The proposed oil well (see APD as Exhibit A) is on BLM surface and BLM oil and gas lease NMLC-029395B. The well is staked 380' from the closest lease line. The proposed oil well is nonstandard for the Mar Loco; Glorieta-Yeso (Pool 97866) due to land uses.

Apache requests a nonstandard location due to topography. The well was planned to be staked 330 FSL & 330 FWL. However, at BLM's (John Fast) request it was moved 90' south and 50' east. This move reduced the height of the cuts and fills (Exhibit B).

A standard location must be at least 330' from the quarter-quarter line. The well bore is 240' from the south quarter-quarter line (see C-102 as EXHIBIT C). It is 90' too far south. (It is 449' from the southwest corner of the quarter-quarter.)

II. Form C-102 showing the well and 40 acre pro ration unit (SWSW Section 17) is attached as EXHIBIT C.

The BLM oil and gas lease (1,786.15 acres) boundary is marked as a solid line on the attached (EXHIBIT D) topographic map. Dashed lines mark the acreage dedications. The well encroaches 90' too far south (toward the NWNW Section 20). The encroachment is part of the same BLM lease. The NWNW Section 20 and 4 bordering or cornering quarter-quarters are part of the same BLM lease. The other bordering or cornering quarter-quarters are on 2 other BLM leases.

Apache operates all Yeso wells in the NWNW Section 20 and all but one of the bordering or cornering quarter-quarters. Only the NESW Section 17 does not have Apache operated Yeso wells. There are no Yeso wells in the NESW Section 17.

Apache and COG have 100% of the Yeso working interest in the SWSW Section 17 and all eight surrounding quarter. Closest Yeso well in any direction

is Apache's Lee Federal 34 (30-015-32738), which is 517' east. Closest Yeso well to the south is Apache's Lee Federal 18 (30-015-31952), which is 572' south.

III. The BLM oil and gas lease (1,786.15 acres) boundary is marked as a solid line on the attached (EXHIBIT D) topographic map. The well encroaches to the south. The encroachment is part of the same lease. Seven existing Yeso pro ration units (see Exhibit D) touch the proposed pro ration unit. All seven are Apache operated. The eighth pro ration unit (NESW Section 17) does not have any existing or proposed Yeso wells. Apache and COG have 100% of the Yeso working interest in all 8 adjacent quarter-quarters, and the quarter-quarter in which the well is located. This information is current and correct.

IV. See Exhibit E for the proposed well, proration unit and all wells. Apache does not believe directional drilling to a standard location from an existing pad is cost effective for this well.

V. The land use constraint preventing a standard location is topography (steep slopes).

VI. Archaeology is not an issue.

VII. The well was planned to be staked 330 FSL & 330 FWL. Steep slopes prevented that plan. (See Exhibit B)

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

IX. I hereby certify that Apache Corporation and its partner (COG Operating) have 100% of the Yeso working interest in the lease which comprises the proposed 40 acre spacing unit (SWSW Section 17), the adjacent quarter-quarter (NWNW Section 20) of the side toward which it encroaches, and the single closest corner to the proposed well (NENE Section 19) toward which it encroaches and that the information is current and correct.



# OCD-ARTESIA

Form 3160-3  
(April 2004)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

## APPLICATION FOR PERMIT TO DRILL OR REENTER

5a. Lease Serial No. <b>NMLC-029395B</b>		6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No.		8. Lease Name and Well No. <b>LEE FEDERAL #043 &lt;308720&gt;</b> ✓	
9. API Well No. 30-015- <b>39837</b>		10. Field and Pool, or Exploratory <b>MARLOCO</b> ; <b>GLORIETA-YESO</b> [97866]	
11. Sec., T. R. M. or Blk. and Survey or Area <b>UL: M SEC: 17 T17S R31E</b>		12. County or Parish <b>EDDY</b>	
13. State <b>NM</b>		14. Distance in miles and direction from nearest town or post office* <b>APPROX 4 MILES EAST OF LOCO HILLS, NM</b>	
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) <b>240'</b>	16. No. of acres in lease <b>1786.15</b>	17. Spacing Unit dedicated to this well <b>40 ACRES</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft <b>~ 530'</b>	19. Proposed Depth <b>6500'</b>	20. BLM/BIA Bond No. on file <b>BLM NMLC 000736 INDIVIDUAL</b> 4. BLM - CO - 1463 NATIONWIDE <b>BA</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>3671'</b>	22. Approximate date work will start* <b>As soon as approved</b>	23. Estimated duration <b>10 DAYS</b>	

### 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Sorina L. Flores</i>	Name (Printed/Typed) <b>SORINA L. FLORES</b>	Date <b>11/15/11</b>
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Title <b>SUPV OF DRILLING SERVICES</b>
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Approved by (Signature) <b>/s/ Don Peterson</b>	Name (Printed/Typed)	Date <b>JAN 13 2012</b>
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Title <b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>
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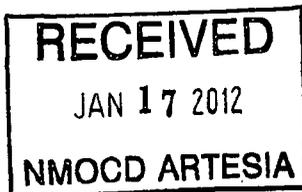
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

**APPROVAL FOR TWO YEARS**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

Roswell Controlled Water Basin



SEE ATTACHED FOR  
CONDITIONS OF APPROVAL



Approval Subject to General Requirements  
& Special Stipulations Attached



Lee Federal 43  
center stake

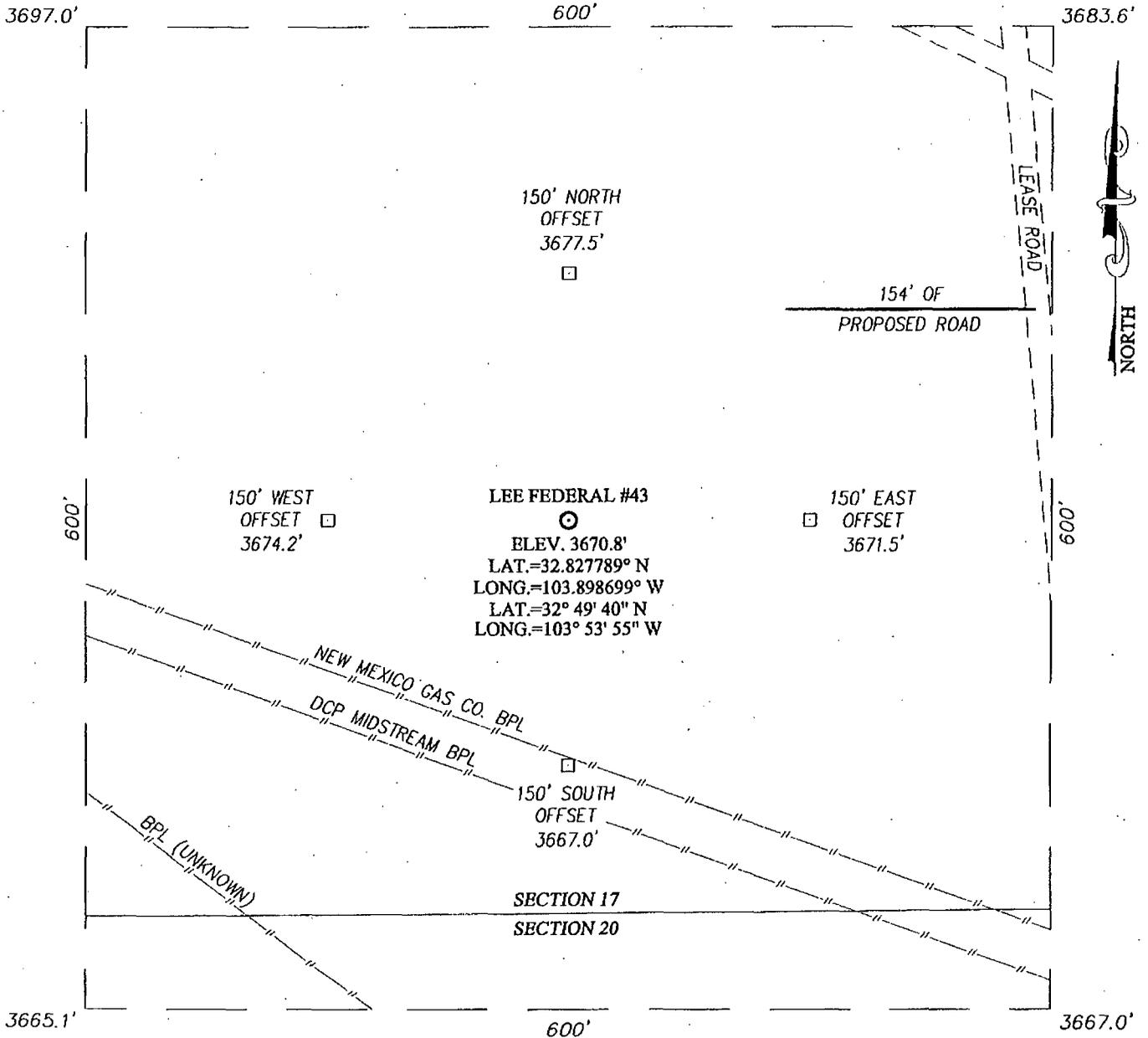


32.82780, -103.89919

EXHIBIT B

Google earth

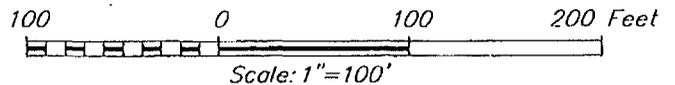
SECTION 17, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.  
 EDDY COUNTY NEW MEXICO



**EXHIBIT B**

**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HIGHWAY #82 AND ST. HWY. #529. GO NORTHWEST ON U.S. HWY. #82 APPROX. 1.5 MILES. TURN RIGHT AND GO NORTHEAST APPROX. 0.3 MILES. TURN LEFT AND GO NORTHWEST APPROX. 300 FEET. TURN RIGHT AND GO NORTH APPROX. 0.4 MILES TO A PROPOSED ROAD SURVEY. TURN LEFT AND FOLLOW PROPOSED ROAD SURVEY STAKES WEST APPROX. 154 FEET. THIS LOCATION STAKE IS APPROX. 186 FEET SOUTHWEST.



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

**APACHE CORPORATION**

LEE FEDERAL #43 WELL  
 LOCATED 240 FEET FROM THE SOUTH LINE  
 AND 380 FEET FROM THE WEST LINE OF SECTION 17,  
 TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO

Survey Date: 2/17/11	Sheet 1 of 1 Sheets	
W.O. Number: 11.11.0344	Dr. By: DSS	Rev 1:
Date: 3/3/11	Rel. W.O.:	11110344 Scale: 1"=100'

A photograph of a desert landscape under a clear blue sky. The ground is reddish-brown soil with sparse, dry, yellowish-brown vegetation. In the center of the frame, a wooden stake is driven into the ground, topped with a piece of orange and white fabric. A thin black line, possibly a survey line, extends from the stake towards the right. In the distance, a low ridge of land is visible with some more dense vegetation. The overall scene is arid and open.

looking North at  
Lee Federal 43  
center stake

EXHIBIT B

BL

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III  
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV  
1240 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1240 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-39837	Pool Code 978666	Pool Name <del>MAR LDCO</del> ; Cedar Lake Glorieta - Yeso
Property Code 308720	Property Name LEE FEDERAL	Well Number 43
OGRID No. 873	Operator Name APACHE CORPORATION	Elevation 3671'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	17-S	31-E		240	SOUTH	380	WEST	EDDY

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>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=665135.5 N X=633510.4 E</p> <p>LAT.=32 827789" N LONG.=103 898699" W LAT.=32° 49' 40" N LONG.=103° 53' 55" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sorina L. Flores</i> 11/15/11 Signature Date</p> <p>Sorina L. Flores Printed Name</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>FEBRUARY 17, 2011</p> <p>Date Surveyed: _____ DSS</p> <p>Signature &amp; Seal of Professional Surveyor</p> <p><i>Ronald J. Edson</i> 3/08/2011 1110344</p> <p>EXHIBIT C</p> <p>Certificate No. GARY G. EDSON 12641 RONALD J. EDSON 3239</p>

DETAIL

3697.0' 3683.6'

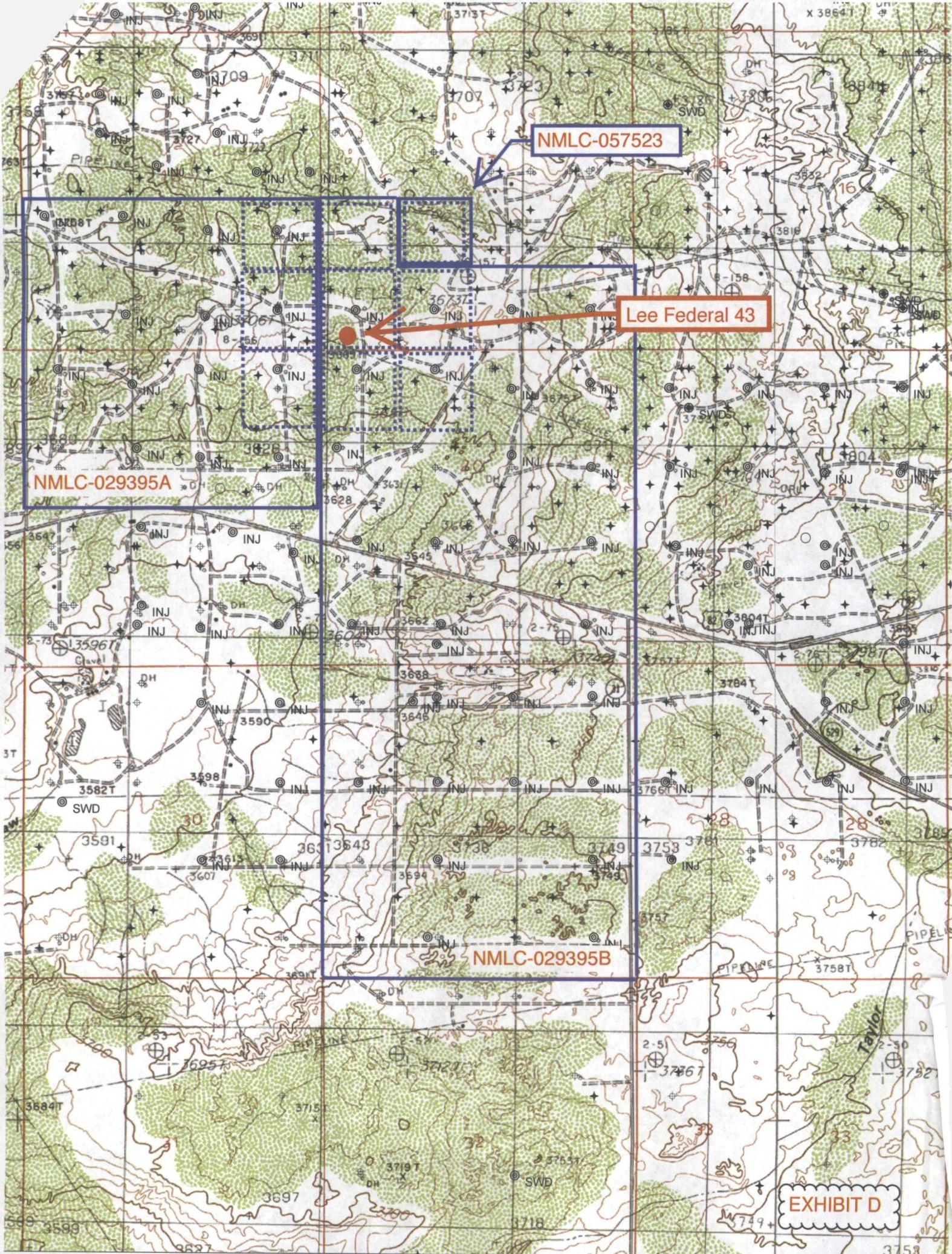
600'

600'

3665.1' 3667.0'

380' SEE DETAIL

240'



NMLC-057523

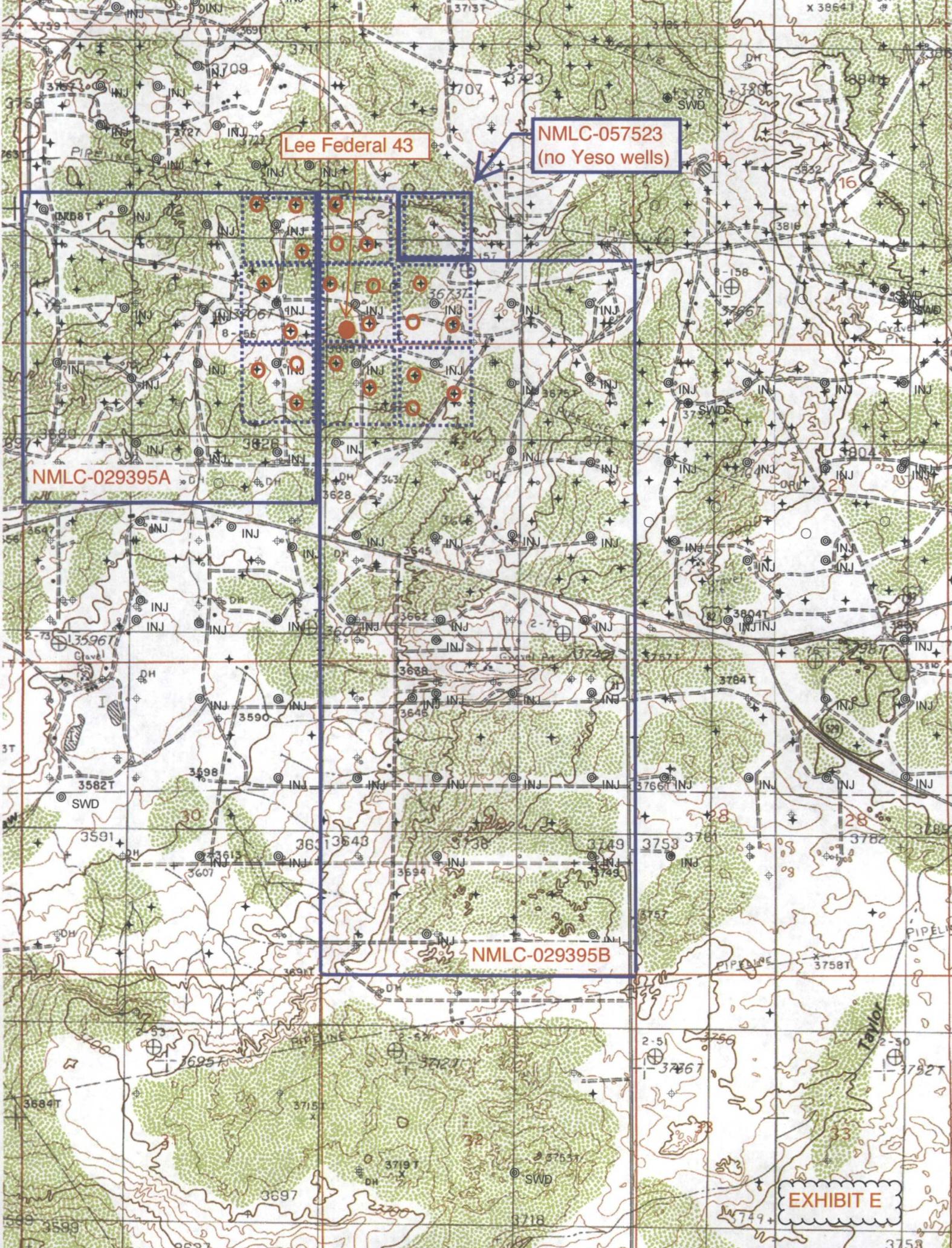
Lee Federal 43

NMLC-029395A

NMLC-029395B

EXHIBIT D

3758



Lee Federal 43

NMLC-057523  
(no Yeso wells)

NMLC-029395A

NMLC-029395B

EXHIBIT E

3758

# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

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

September 8, 2012

David Evans  
COG Operating LLC  
550 West Texas Ave., Suite 100  
Midland, TX 79701

Dear Mr. Evans:

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.

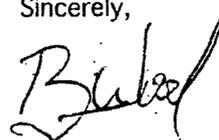
Apache Corporation is applying to produce the following well. The minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 90' further south than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due topography.

Well Name: Lee Federal 43 ID: 6,500'  
Proposed NSL Zone: Mar Loco; Glorieta-Yeso  
NSL Acreage Dedication: 40 acres (SWSW Section 17)  
Location: 240' FSL & 380' FWL Sec. 17, T. 17 S., R.31 E., Eddy County, NM  
on BLM lease NMLC-029395B (well is 380' from lease boundary)  
Approximate Location: ≈4 air miles east of Loco Hills, NM  
Applicant Name: Apache Corporation (432) 818-1167  
Applicant's Address: 303 Veterans Airpark Lane, Suite 3000, 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

7011 3500 0002 1601 7954

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City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

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USPS

EXHIBIT F

# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

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

September 8, 2012

BLM  
620 E. Greene  
Carlsbad, NM 88220

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.

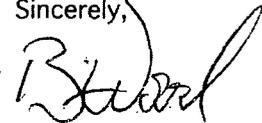
Apache Corporation is applying to produce the following well. The minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 90' further south than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due topography.

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Proposed NSL Zone: Mar Loco; Glorieta-Yeso  
NSL Acreage Dedication: 40 acres (SWSW Section 17)  
Location: 240' FSL & 380' FWL Sec. 17, T. 17 S., R.31 E., Eddy County, NM  
on BLM lease NMLC-029395B (well is 380' from lease boundary)  
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Applicant Name: Apache Corporation (432) 818-1167  
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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

7011 3500 0002 1601 7978

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Carls	

PS Form 3800, August 2006 See Reverse for Instructions

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SEP 11 2012

EXHIBIT F