

ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Apache
see Fed #58*

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
- 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 Amend Order No. NSL-6616
- [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

12/6/12
 Date

Agent for Apache Corporation
 Title

drcatanach@netscape.com
 E-Mail Address

December 6, 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 to Amend Order No. NSL-6616
Lee Federal No. 58
API No. (30-015-40175)
Surface Location: 1285' FNL & 2470' FEL (Unit B)
Bottomhole Location: 990' FNL & 2310' FEL (Unit B)
Glorieta/Yeso Penetration Location: 1080' FNL & 2360' FEL (Unit B)
Section 20, T-17 South, R-31 East, NMPM,
Eddy County, New Mexico

Dear Ms. Bailey:

By Order No. NSL-6616 dated May 15, 2012, the Division authorized Apache Corporation ("Apache") to drill its Lee Federal Well No. 58 at an unorthodox location 1285 feet from the North line and 2470 feet from the East line (Unit B) of Section 20, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. An existing standard 40-acre spacing and proration unit comprising the NW/4 NE/4 was to be dedicated to the well and to Apache's existing Lee Federal No. 15, Lee Federal No. 20Y and Apache's proposed Lee Federal No. 44.

Apache has elected to directionally drill this well in the following manner:

Surface Location: 1285' FNL & 2470' FEL (Unit B)
Bottomhole Location: 990' FNL & 2310' FEL (Unit B)
Glorieta/Yeso Penetration Location: 1080' FNL & 2360' FEL (Unit B)

Although the well will be drilled to a standard bottomhole location, the directional drilling plan indicates that the Lee Federal No. 58 will penetrate the Glorieta/Yeso formation, Cedar Lake Glorieta-Yeso Pool, at an unorthodox well location for this 40-acre spacing unit. Consequently, Apache respectfully requests that Order No. NSL-6616 be amended to authorize the new unorthodox well location.

The Cedar Lake 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 affected offset acreage is the E/2 NW/4 and SW/4 NE/4 of Section 20. All three affected offset 40-acre tracts are currently being developed in the Cedar Lake Glorieta-Yeso Pool by numerous wells operated by Apache Corporation. Please note that the working interest ownership between the NW/4 NE/4 and the three affected offset 40-acre tracts is common. Consequently, notice of this application is not required to any party.

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 copy of Order No. NSL-6616.

In summary, approval of the requested amendment will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Cedar Lake Glorieta-Yeso Pool underlying the NW/4 NE/4 of Section 20 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

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
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 July 16, 2010
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-40175		Pool Code 96831	Pool Name Cedar Lake Glorieta-Yeso Pool
Property Code 308720	Property Name Lee Federal		Well Number 58
OGRID No. 873	Operator Name Apache Corporation		Elevation 3,652'

Surface Location

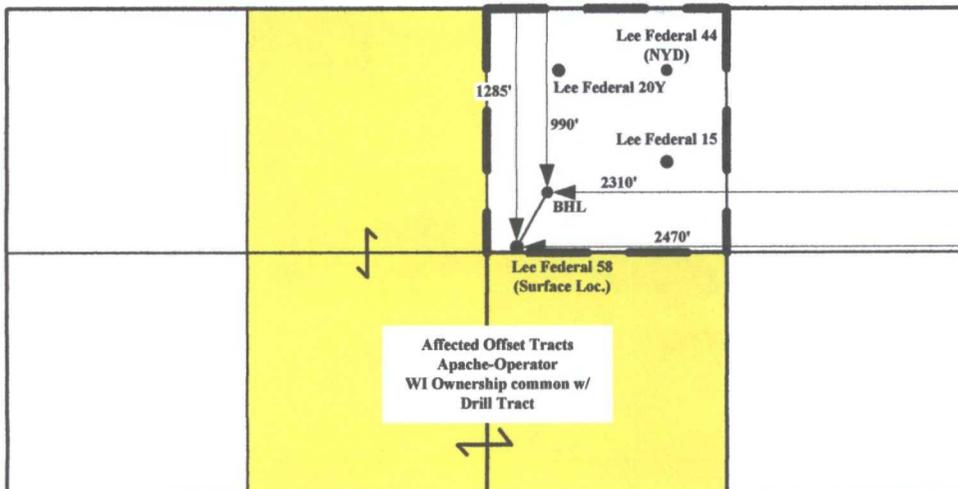
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	20	17 South	31 East		1285	North	2470	East	Eddy

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
B	20	17 South	31 East		990	North	2310	East	Eddy

Dedicated Acres 40	Joint or Infill	Consolidate 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



The directional drilling plan for this well indicates that the Lee Federal No. 58 will encounter the top of the Glorieta formation at an unorthodox location approximately 1080' FNL & 2360' FEL

OPERATOR CERTIFICATION

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 bottomhole 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.

Signature _____ Date _____
Printed Name _____
E-mail Address _____

SURVEYOR CERTIFICATION

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.

Date of Survey _____
Signature and Seal of Professional Surveyor: _____

Certificate Number _____

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



May 15, 2012

Apache Corporation
Attn: Mr. David Catanach

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6616
Administrative Application Reference No. pTWG12-11149171

Apache Corporation
OGRID 873
Lee Federal Well No. 58
API No. 30-015-40175

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
1285 FNL & 2470 FEL	B	20	17S	31E	Eddy

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NW/4 NE/4 of Section 20	40	Cedar Lake; Glorieta-Yeso	96831

Reference is made to your application received on April 20, 2012.

You have requested to drill or re-complete this well at an unorthodox oil well location described above, in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from a unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location to avoid interference with existing surface installations.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

May 16, 2012

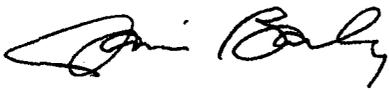
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Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia
United States Bureau of Land Management