

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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]

6928

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

30-015-40368
A State 41
Apache Corp.

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

6/5/13
 Date

drccatanach@netscape.com
 E-Mail Address

June 5, 2013

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
A State No. 41
API No. (30-015-40368)
1600' FNL & 330' FWL (Unit E)
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 A State No. 41. This well will be drilled as a development oil well in the Artesia Glorieta-Yeso Pool (96830).

The proposed A State No. 41 will be dedicated to an existing 40-acre spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the SW/4 NW/4 of Section 25. This unit is currently dedicated to Apache's: i) proposed A State No. 73 (API No. 30-015-41053) located at an unorthodox well location 2410 feet from the North line and 330 feet from the West line; ii) proposed A State No. 59 (API No. 30-015-38967) located at an unorthodox well location 2310 feet from the North line and 1100 feet from the West line; and iii) proposed A State No. 74 (API No. 30-015-41054) located at a standard well location 1740 feet from the North line and 860 feet from the West 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 proposed unorthodox well location is necessary in order to avoid pipelines within the drill tract.

The affected offset tracts are the NW/4 NW/4 of Section 25 and the NE/4 NE/4 of Section 26, both in Township 17 South, Range 28 East, NMPM. The NW/4 NW/4 of Section 25 is currently being developed in the Artesia Glorieta-Yeso Pool by numerous

wells operated by Apache. Please note that the working interest ownership between the drill tract and the NW/4 NW/4 of Section 25 is not common. The NE/4 NE/4 of Section 26 is currently operated in the Artesia Glorieta-Yeso Pool by LRE Operating, LLC. Notice of this application is being provided to the working interest owners in the NW/4 NW/4 of Section 25 which include COG Operating, LLC, Khody Land and Minerals Company, Marathon Oil Company and Yates Petroleum Corporation. Notice is also being provided to LRE Operating, LLC.

Attached is a Form C-102 showing the proposed well, spacing unit and other proposed wells in the spacing unit. Also attached is a map showing the affected offset acreage, a vicinity map, notice letter and 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 SW/4 NW/4 of Section 25 that may otherwise not be recovered by the proposed 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 30-015-40368 | Pool Code 96830 | Pool Name Artesia Glorieta-Yeso Pool |
| Property Code 308701 | Property Name A State | Well Number 041 |
| OGRID No. 873 | Operator Name Apache Corporation | Elevation 3,684' |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|---------|---------|---------------|------------------|---------------|----------------|--------|
| E | 25 | 17 South | 28 East | | 1600 | North | 330 | West | Eddy |

Bottom Hole Location If Different From Surface

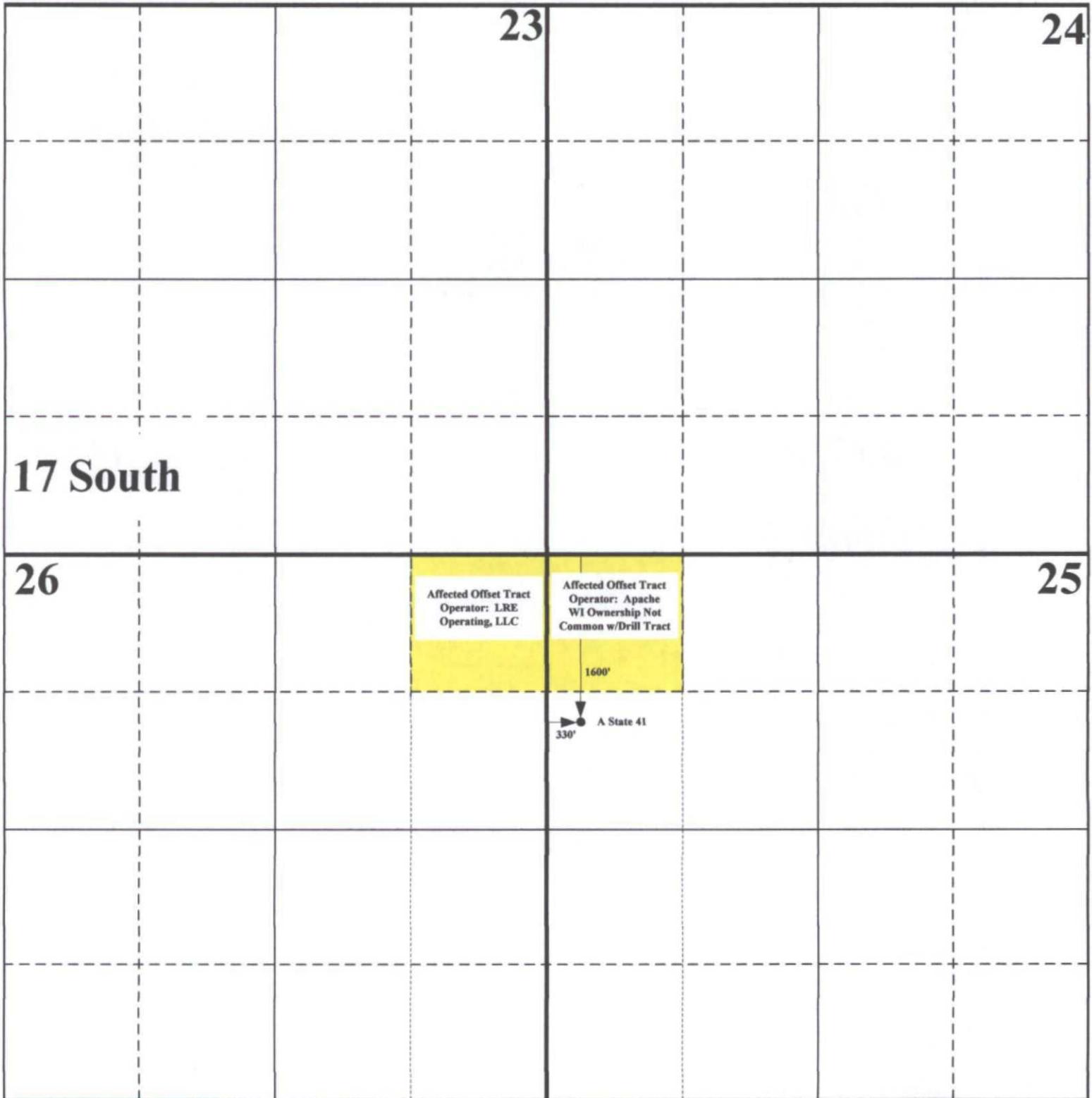
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|------------------------------|-----------------|------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidate Code | 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

| | | |
|--|--|--|
| | OPERATOR CERTIFICATION | |
| | <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 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.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> | |
| | SURVEYOR CERTIFICATION | |
| | <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>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p> | |

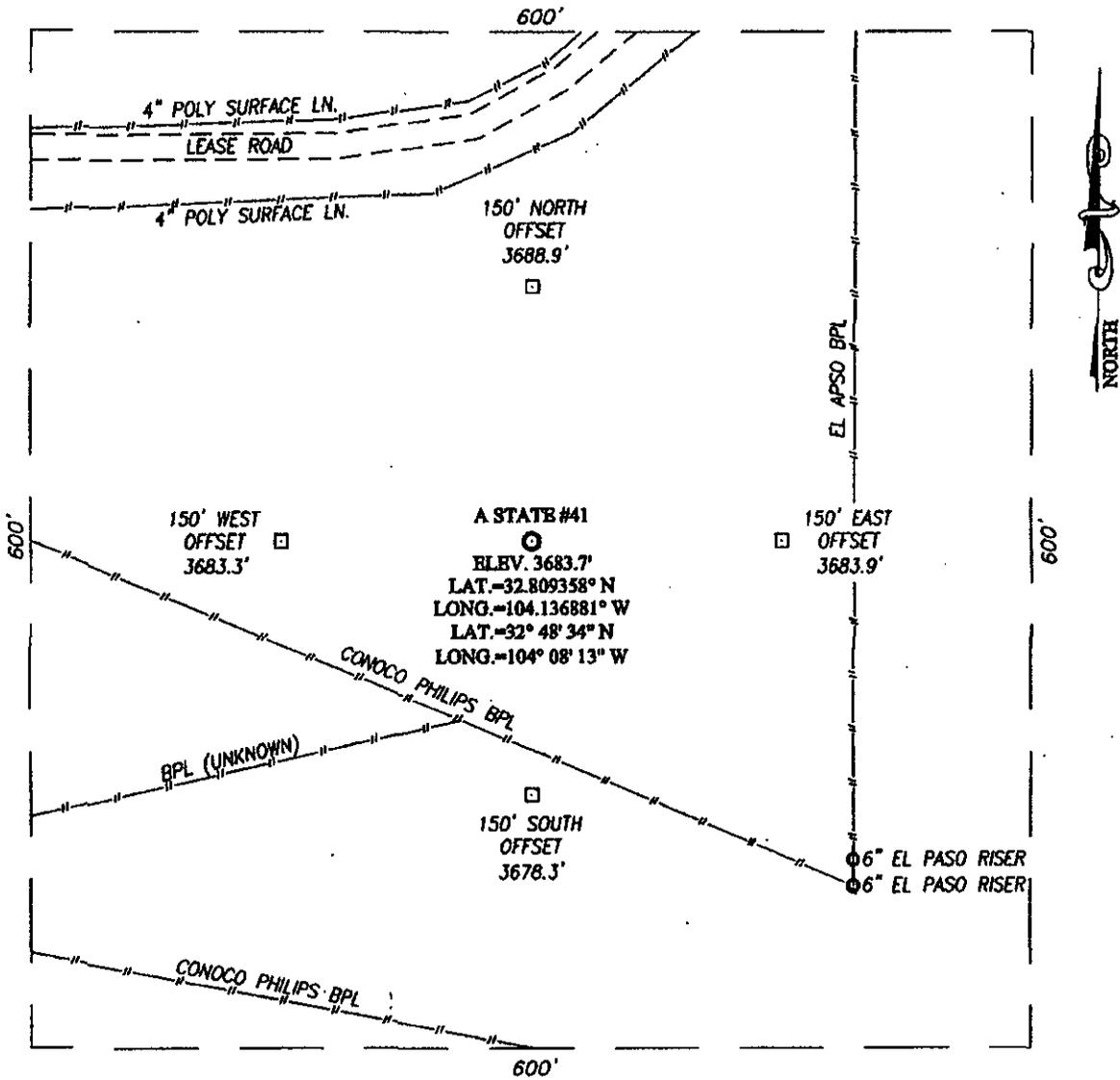
28 East



 **Affected Offset Acreage**

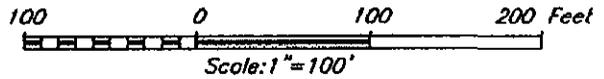
Apache Corporation
Application for Non-Standard Well Location
A State No. 41 (API No. 30-015-40368)

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



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 (LOVINGTON HWY.) AND CO. RD. #209 (TURKEY TRACK RD.), GO NORTH APPROX. 0.6 MILES. TURN RIGHT AND GO EAST APPROX. 0.65 MILES. THIS LOCATION STAKE IS APPROX. 240 FEET SOUTH OF LEASE ROAD.



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

APACHE CORPORATION

A STATE #41 WELL
 LOCATED 1600 FEET FROM THE NORTH LINE AND 330 FEET FROM THE WEST LINE OF SECTION 25, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

| | |
|-------------------------|---------------------|
| Survey Date: 2/14/11 | Sheet 1 of 1 Sheets |
| W.O. Number: 11.11.0311 | Dr By: DSS |
| Date: 3/1/11 | Rev 1: N/A |
| Rev: 5/31/12 | 11110311 |
| | Scale: 1" = 100' |

Apache Corporation
Application for Unorthodox Well Location
A State No. 41
Section 25, T-17S, R-28E, NMPM,
Eddy County, New Mexico
Notice List

COG Operating, LLC
Attn: Brandon Gaynor
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

Khody Land & Minerals Co.
Attn: Land Dept.
3817 NW Expressway Ave.
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

LRE Operating, LLC
1111 Bagby
Suite 4600
Houston, Texas 77002

June 5, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: See Attached Notice List

Re: Apache Corporation
Unorthodox Oil Well Location
A State No. 41 (API No. 30-015-40368)
1600' FNL & 330' FWL (Unit E)
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 it's A State No. 41 at an unorthodox oil well location in the Artesia Glorieta-Yeso Pool 1600 feet from the North line and 330 feet from the West line (Unit E) 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 SW/4 NW/4 of Section 25. This unit is currently dedicated to Apache's proposed A State Wells No. 59, 73 and 74. The unorthodox location is necessary in order to avoid existing pipelines.

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

7012 0470 0001 5936 2201

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

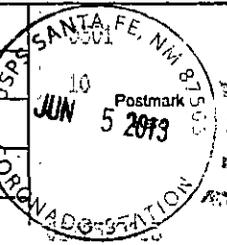
For delivery information visit our website at www.usps.com

OFFICIAL USE

| | |
|--|----------------|
| Postage | \$ 41.12 |
| Certified Fee | \$3.10 |
| Return Receipt Fee (Endorsement Required) | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total F | \$46.77 |

Sent To **Yates Petroleum Corporation**
Attn: Land Department
 Street, or PO Box **105 S. Fourth Street**
 City, State **Artesia, New Mexico 88210**

PS Form 3800, August 2009



7012 0470 0001 5936 2188

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

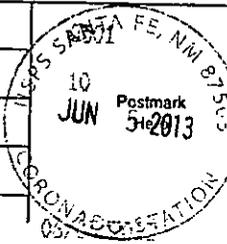
For delivery information visit our website at www.usps.com

OFFICIAL USE

| | |
|--|----------------|
| Postage | \$ 41.12 |
| Certified Fee | \$3.10 |
| Return Receipt Fee (Endorsement Required) | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total | \$46.77 |

Sent To **Khody Land & Minerals Co.**
Attn: Land Dept.
 Street, or PO Box **3817 NW Expressway, Suite 950**
 City, State **Oklahoma City, OK 73112**

PS Form 3800, August 2009



7012 0470 0001 5936 2218

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

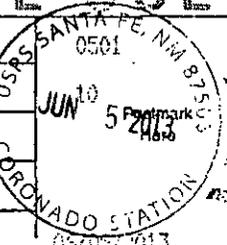
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| Return Receipt Fee (Endorsement Required) | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total P | \$46.77 |

Sent To **LRE Operating, LLC**
1111 Bagby Street
 Street, or PO Box **Suite 4600**
 City, State **Houston, Texas 77002**

PS Form 3800, August 2009



7012 0470 0001 5936 2195

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

| | |
|--|----------------|
| Postage | \$ 41.12 |
| Certified Fee | \$3.10 |
| Return Receipt Fee (Endorsement Required) | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total | \$46.77 |

Sent To **Marathon Oil Company**
Attn: Land Dept.
 Street, or PO Box **200 North Loraine, Suite 1310**
 City, State **Midland, Texas 79702**

PS Form 3800, August 2009



7012 0470 0001 5936 2232

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

| | |
|--|----------------|
| Postage | \$ 41.12 |
| Certified Fee | \$3.10 |
| Return Receipt Fee (Endorsement Required) | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total | \$46.77 |

Sent To **COG Operating, LLC**
Attn: Brandon Gaynor
 Street, or PO Box **One Concho Center**
 City, State **600 W. Illinois Avenue Midland, Texas 79701**

PS Form 3800, August 2009

