

ABOVE THIS LINE FOR DIVISION USE ONLY

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



RECEIVED OGD

Problem at upper Penn

2014 OCT 2 A 11:40

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

*- NSL 7179
 - Apache Corporation
 873*

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

*W24
 - Warr State #2
 30-025-42056*

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

*Pool
 - Vacuum AB 61780*

- [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

*- Vacuum WOLcamp
 6234J
 - Vacuum;
 Upper Penn
 6232J*

[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

10/2/14
 Date

drcatanach@netscape.com
 E-Mail Address

October 2, 2014

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey
Division Director

Re: Application for Unorthodox Well Location
Warn State AC 2 Well No. 29
API No. (30-025-42056)
Surface Location: 2600' FSL & 1900' FWL (Unit K)
Bottomhole Location: 2310' FNL & 2310' FWL (Unit F)
Both in Section 6, T-18 South, R-35 East, NMPM,
Lea 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 Warn State AC 2 No. 29. This well will be drilled as a development oil well in the Vacuum-Abo Reef (61780), Vacuum-Wolfcamp (62340) and Vacuum Upper-Penn (62320) Pools.

In the Vacuum-Wolfcamp and Vacuum Upper-Penn Pools, the Warn State AC 2 No. 29 will be dedicated to a standard 77.51-acre oil spacing and proration unit comprising the S/2 NW/4 of Section 6. **In the Vacuum-Abo Reef Pool**, the Warn State AC 2 No. 29 will be dedicated to a standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 of Section 6. This 40-acre spacing unit will also be dedicated in the Vacuum-Abo Reef Pool to Apache's proposed Warn State AC 2 No. 30 (API No. 30-025-42075) located at a standard well location 1675 feet from the North line and 1965 feet from the West line.

The Vacuum-Wolfcamp and Vacuum Upper-Penn Pools are currently governed by the "Special Rules and Regulations for the Vacuum-Wolfcamp Oil Pool" and the "Special Rules and Regulations for the Vacuum Upper-Pennsylvanian Pool" as established by Division Orders No. R-2422 and R-2697, respectively. These rules require standard 80-acre spacing and proration units. These rules also require that the initial well on a standard 80-acre spacing unit be located within 200 feet of the center of either the NW/4 or SE/4 of a governmental quarter section.

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

With respect to the Vacuum-Wolfcamp and Vacuum Upper-Penn Pools, the subject well is unorthodox because neither the perforated intervals in each zone, or the bottomhole location will be located within 200 feet of the center of the SE/4 NW/4 of Section 6 (See attached plat).

With respect to the Vacuum-Abo Reef Pool, the subject well is unorthodox because the perforated interval in the well will likely be located closer than 330 feet to the southern boundary of the spacing unit. **(Please note that Lot No. 2 in Section 6 is comprised of 37.51 acres. Consequently, the dimensions of this lot are approximately 1,313 feet high and 1,244 feet wide.)**

The proposed unorthodox well locations and directional drilling are necessary in order to avoid surface obstructions within the SE/4 NW/4 of Section 6.

The affected offset tracts are:

1) **the N/2 SW/4 and SE/4 SW/4 of Section 6.** There is currently no Wolfcamp or Upper-Penn development on this tract. The SE/4 SW/4 is currently developed in the Abo Reef and is operated by Apache. This tract is either operated or leased by Apache Corporation, and the working interest ownership between this tract and the drill tract is common; and

2) **the W/2 NE/4, SE/4 NE/4, N/2 SE/4 and SW/4 SE/4 of Section 6.** There is currently no Wolfcamp, Upper-Penn or Abo development on this tract. The leasehold owner of this tract is Chevron U.S.A., Inc.

Notice of this application is being provided to Chevron U.S.A., Inc. in accordance with Division rules.

Attached is a Form C-102 for the Warn State AC 2 No. 29 showing the dedicated acreage in the Vacuum-Abo Reef, Vacuum-Wolfcamp and Vacuum Upper Penn Pools. Also attached is a map showing the surface and bottomhole well locations, proposed spacing units, and affected offset acreage.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Vacuum-Abo Reef underlying the SE/4 NW/4 of Section 6, and from the Vacuum-Wolfcamp and Vacuum Upper Penn Pools underlying the S/2 NW/4 of Section 6 that may otherwise not be

recovered by the existing or 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-Hobbs

DISTRICT I
1823 N. French Dr., Hobbs, NM 88240
Phone: (575) 391-6161 Fax: (575) 393-0720

DISTRICT II
811 E. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9722

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|--------------------------------------|
| API Number 30-025-42056 | Pool Code 617.80 | Pool Name Vacuumj ABO Reef |
| Property Code 306627 | Property Name WARN STATE AC 2 | Well Number 29 |
| OCRID No. 873 | Operator Name APACHE CORPORATION | Elevation 3981' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 6 | 18-S | 35-E | | 2600 | SOUTH | 1900 | WEST | LEA |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 6 | 18-S | 35-E | | 2310 | NORTH | 2310 | WEST | LEA |

| | | | |
|------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidation 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

CORNER COORDINATES TABLE

A - Y= 648657.9 N, X= 755864.7 E
 B - Y= 648660.0 N, X= 757185.2 E
 C - Y= 647334.5 N, X= 757199.6 E
 D - Y= 647333.4 N, X= 755878.3 E
 E - Y= 646012.5 N, X= 757214.0 E
 F - Y= 646010.6 N, X= 755891.9 E

BOTTOM HOLE LOCATION
 Y= 647675.5 N
 X= 756941.4 E

GEODETC COORDINATES
 NAD 27 NME

SURFACE LOCATION
 Y= 647288.7N
 X= 756535.0E

LAT.=32.776707° N
 LONG.=103.498687° W

LAT.=32°46'36\" N
 LONG.=103°29'55\" W

OPERATOR CERTIFICATION

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 undivided 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.

Michelle Cooper 8-21-14
 Signature Date

Michelle Cooper
 Printed Name

michelle.cooper@apachecorp.com
 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.

JUNE 24, 2014

Date of Survey
 Signature & Seal of Registered Surveyor:

Ronald J. Eidson 8/10/2014
 Certificate Number Ronald J. Eidson 12641
 Ronald J. Eidson 3239

LSL: TWSC W.O.: 14.11.0666

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 Boscon Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
HOBBS OCD Revised August 1, 2011
Submit one copy to appropriate District Office

AUG 21 2014

DIAMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|-------------------------------------|-------------------------------|
| API Number 30-025-42056 | Pool Code 62340 | Pool Name Vacuum; Wolfcamp |
| Property Code 306627 | Property Name WARN STATE AC 2 | |
| GORID No. 873 | Operator Name APACHE CORPORATION | |
| | | Well Number 29 |
| | | Elevation 3981' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 6 | 18-S | 35-E | | 2600 | SOUTH | 1900 | WEST | LEA |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 6 | 18-S | 35-E | | 2310 | NORTH | 2310 | WEST | LEA |

| | | | |
|------------------------|-----------------|--------------------|-----------|
| Dedicated Acres: 80 | Joint or Infill | Consolidation Code | Order No. |
|------------------------|-----------------|--------------------|-----------|

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BOTTOM HOLE LOCATION
 Y= 647675.5 N
 X= 756941.4 E

GEODEIC COORDINATES
 NAD 27 NME

SURFACE LOCATION
 Y= 647288.7N
 X= 756535.0E

LAT.= 32.776707° N
 LONG.= 103.498687° W

LAT.= 32°46'36" N
 LONG.= 103°29'55" W

OPERATOR CERTIFICATION

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.

Michelle Cooper 8-21-14
 Signature Date

Michelle Cooper
 Printed Name

michelle.cooper@apachecorp.com
 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.

JUNE 24, 2014

Date of Survey
 Signature & Seal of Professional Surveyor:

RONALD J. EIDSON
 NEW MEXICO
 3239

Ronald J. Eidson 8/10/2014
 Signature Date

Certificate Number: Ronald J. Eidson 12641
 Ronald J. Eidson 3239

LSL PROFESSIONAL SURVEYOR TWSW W.D.: 14.11.0666

AUG 22 2014

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|---------------------------|-------------------------------------|---------------------------------|
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| OGRID No. 873 | Operator Name APACHE CORPORATION | Elevation 3981' |

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|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 6 | 18-S | 35-E | | 2310 | NORTH | 2310 | WEST | LEA |

| | | | |
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BOTTOM HOLE LOCATION
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 X= 756941.4 E

GEODEIC COORDINATES
 NAD 27 NME

SURFACE LOCATION
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**LAT.=32.776707° N
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**LAT.=32°46'36\" N
 LONG.=103°29'55\" W**

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Michelle Cooper 8-21-14
 Signature Date

Michelle Cooper
 Printed Name

michelle.cooper@apachecorp.com
 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.

JUNE 24, 2014.

Date of Survey

Signature & Seal of Professional Surveyor:

Ronald J. Eidson 12641
 Ronald J. Eidson 3239

L.S.L. PROFESSIONAL SURVEYOR NEW MEXICO
 SWSC W.O.: 14.11.0666

Spacing Unit: Vacuum Upper-Penn & Vacuum-Wolfcamp Pools

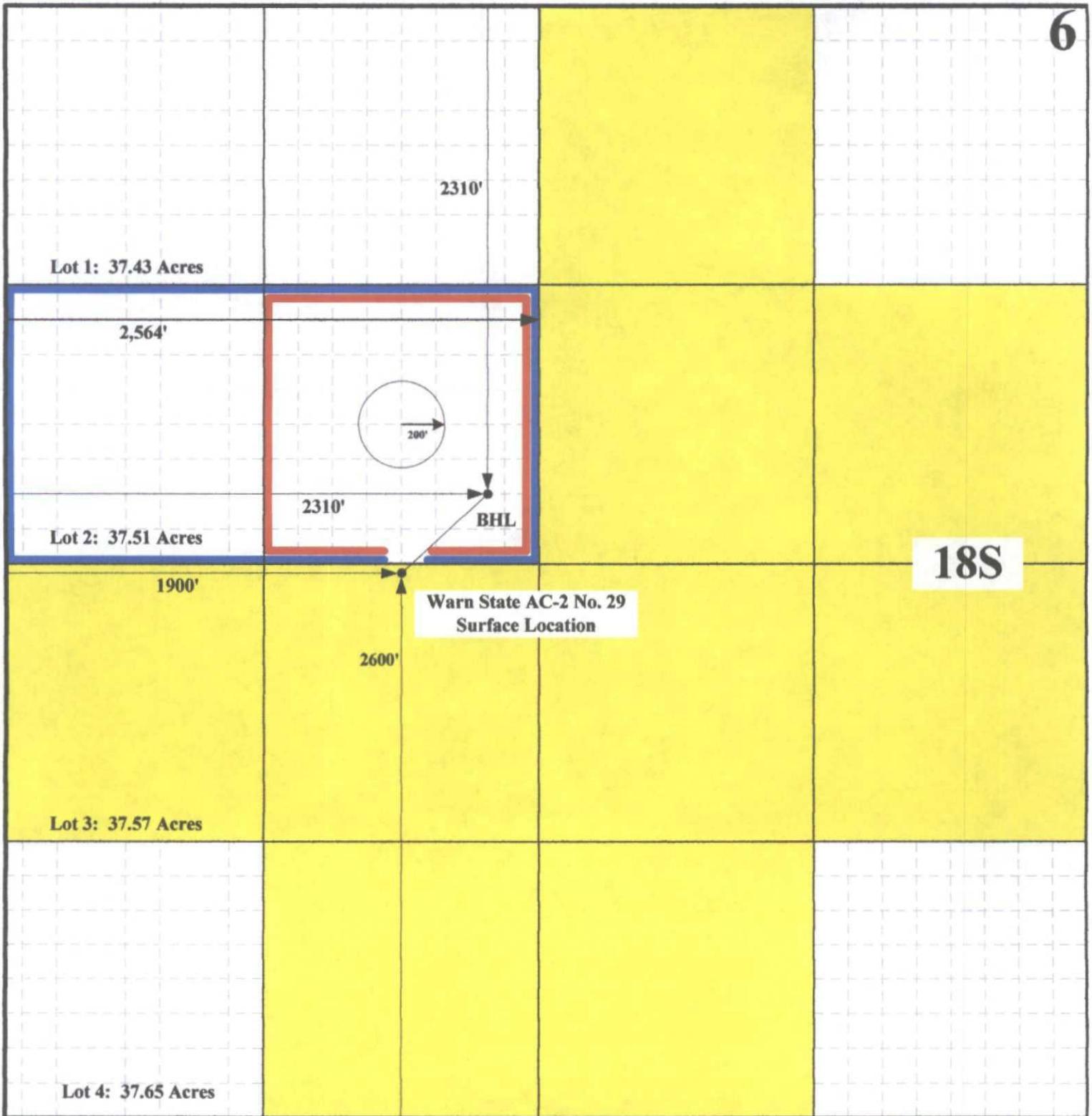
Spacing Unit: Vacuum-Abo Reef Pool

Affected Offset Acreage

Approximate Lot 2 Dimensions:
1313' High' x 1,244' Wide

35E

6



Apache Corporation
Application for Unorthodox Well Location
Warn State AC 2 No. 29

October 2, 2014

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Chevron U.S.A., Inc.
1400 Smith Street
Houston, Texas 77002

Re: Apache Corporation
Unorthodox Oil Well Location
Warn State AC 2 No. 29
Surface Location: 2600' FSL & 1900' FWL (Unit K)
Bottomhole Location: 2310' FNL & 2310' FWL (Unit F)
Both in Section 6, T-18 South, R-35 East, NMPM,
Lea 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 Warn State AC 2 No. 29 at an unorthodox oil well location in the Vacuum-Abo Reef, Vacuum-Wolfcamp and Vacuum Upper-Penn Pools as described above. In the Vacuum-Abo Reef Pool, the well will be dedicated to a standard 40-acre spacing and proration unit comprising the SE/4 NW/4 of Section 6. In the Vacuum-Wolfcamp and Vacuum Upper-Penn Pools, the well will be dedicated to a standard 77.51-acre spacing and proration unit comprising the S/2 NW/4 of Section 6. The unorthodox location and directional drilling are necessary in order to avoid surface obstructions within the SE/4 NW/4 of Section 6.

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

7013 2630 0000 9072 013

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CERTIFIED MAIL™ RECEIPT
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HOUSTON TX 77002 **OFFICIAL USE**

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| Postage | \$ | \$1.40 |
| Certified Fee | | \$3.30 |
| Return Receipt Fee (Endorsement Required) | | \$2.70 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total | | \$7.40 |

USPS SAN ANTONIO, TX 78201
 10 Postmark
 OCT 2 2014
 CORONADO STATION

Sent **Chevron U.S.A., Inc.**
 Street or PO **1400 Smith Street**
 City **Houston, Texas 77002**

PS Form 3800, June 2009 Instructions

McMillan, Michael, EMNRD

From: David Catanach <drcatanach@netscape.com>
Sent: Monday, October 13, 2014 7:26 AM
To: McMillan, Michael, EMNRD
Subject: Re: Apache Warn State AC #2 29

Michael,

Although I have not seen the well plan, I can say with certainty that all perforations within the Warn State AC 2 No. 29 will be located within the SE/4 NW/4 of Section 6.

If you need anything else, please let me know.

David

--- Michael.McMillan@state.nm.us wrote:

From: "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>
To: "Catanach, David" <drcatanach@netscape.com>
Subject: Apache Warn State AC #2 29
Date: Wed, 8 Oct 2014 20:27:30 +0000

David:

I want to make sure that I am clear that the Apache Warn State AC #2 29 all of the perforations are in the SE/4 NW/4 of section 6 T 18S35E?

Thanks
Mike

Netscape. Just the Net You Need.