

DATE IN <b>3/1/17</b>	SUSPENSE	ENGINEER <b>LRL</b>	LOGGED IN <b>3/1/17</b>	TYPE <b>NSL</b>	APP NO. <b>PEL 1706053802</b>
-----------------------	----------	---------------------	-------------------------	-----------------	-------------------------------

03/22/17

ABOVE THIS LINE FOR DIVISION USE ONLY

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



NSL-

**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 - 7517  
 Palmillo 14-15 State 3H  
 30-015-44045  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 \_\_\_\_\_

[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

*Brian Wood*

Consultant

2-28-17

Print or Type Name

Signature

Title

Date

brian@permitswest.com

e-mail Address

RECEIVED

# **PERMITS WEST**, INC.

PROVIDING PERMITS for LAND USERS

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

**REQUEST FOR ADMINISTRATIVE APPROVAL  
NONSTANDARD LOCATION  
APACHE CORPORATION'S  
PALMILLO 14-15 STATE 3H  
SHL: 1600' FNL & 450' FEL SEC. 15  
FTP: 1647' FNL & 100' FWL SEC. 14  
LTP: 1650' FNL & 330' FEL SEC. 14  
BHL: 1650' FNL & 280' FEL SEC. 14  
T. 19 S., R. 28 E., EDDY COUNTY, NM  
API 30-015-44045**

I. This proposed Palmillo; Bone Spring, SW (96413) oil well is on NM State Land Office (NMSLO) surface and 9,166.42 acre NMSLO oil and gas lease X0-0648-0150 (Exhibit A). The FTP is 100' and 327' from the closest dedication boundaries (Exhibit B). The FTP is 341' from the closest lease line (Exhibit A).

Apache requests a nonstandard location due to its goal of maximizing recovery and due to land uses, surface and subsurface, that makes wellbore geometry difficult. There are 4 pipeline rights-of-way, 2 oil wells, 1 gas well, and uncounted power lines, flow lines, and water injection lines associated with Stephens & Johnson's East Millman Unit in H-15-19s-28e (see Exhibits C and D). There is one planned Bone Spring well (30-015-42548) and one 11350' deep P&A well (30-015-28825) in E-14-19s-28e to further complicate matters for this 7521' (TVD) Second Bone Spring well.

A standard location must be at least 330' from the dedication boundary. The FTP is 100' from the west dedication boundary and 327' from the north dedication boundary (see C-102 as EXHIBIT B). The FTP is 230' too far west and 3' too far north. Both directions are part of the same State lease.

II. Form C-102 showing the well and 160 acre dedication (S2N2 14-19s-28e) is attached as EXHIBIT B.

Apache operates the Bone Spring dedications bordering on the north and south of the proposed dedication. Mewbourne operates the dedication bordering on the east. No Bone Spring dedication borders on the west.

III. State oil and gas lease boundary is marked as a solid line on EXHIBIT A. Encroachments to the west and north are part of the same State lease.

Encroachment toward the northwest is a different State lease (E0-5003-0004), but the lease is 341' from the FTP. Three existing Yeso Bone Spring dedications (EXHIBIT E) touch the proposed pro ration unit. Two are Apache operated. One (to the east) is Mewbourne operated. Apache, COG, EOG Y, Khody, and Penroc have 100% of the Bone Spring working interests in the affected lands. This information is current and correct.

IV. See Exhibit E for the proposed well, dedications, and wells. Apache does not believe moving the FTP to a standard location is cost effective for this well.

V. There are numerous manmade land use constraints (EXHIBITS C & D).

VI. Archaeology is not an issue.

VII. I hereby certify that Apache Corporation and its partners have 100% of the Bone Spring working interest in the lease which comprises the proposed 160 acre spacing unit (S2N2 Section 14), the adjacent quarter-sections (N2N2 Section 14 & N2 Section 15) of the two sides toward which it encroaches, and the single closest corner to the proposed well (southeast corner of NENE Section 15) toward which it encroaches. The same 1/8 royalty is due the State for production from both leases E0-5003-0004 and X0-0648-0150. This 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 lands that most directly border the FTP portion of the 160-acre spacing unit. Said notice was sent to:

COG Operating LLC  
EOG Y Resources  
Khody Land & Minerals  
NM State Land Office  
Penroc Oil

*B Wood*

Brian Wood, Consultant

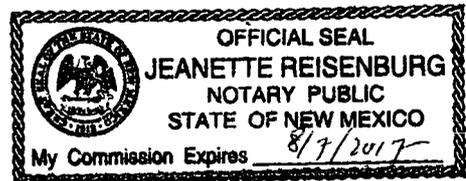
2-27-17

Date

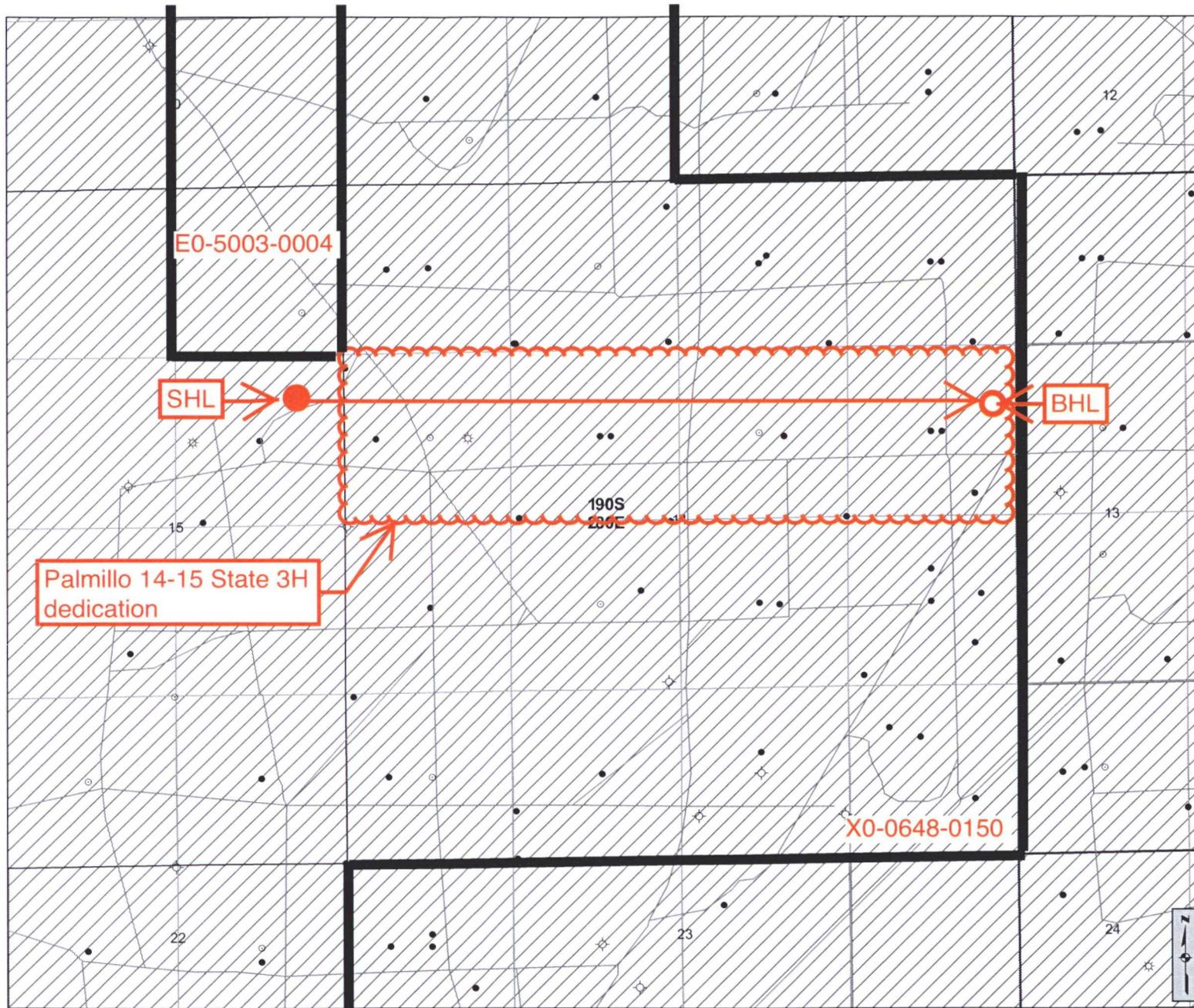
STATE OF NEW MEXICO )  
 ) SS:  
COUNTY OF SANTA FE )

The foregoing instrument was acknowledged before me this 27th day of February, 2017 by Brian Wood. Witness my hand and official seal.

*Jeanette*  
Notary Public  
My Commission Expires: 8/7/2017  
Business Address:



cc: Flores, OCD (Santa Fe)



- Cartographic Features**
- County Boundaries
  - County Seats
  - City, Town or Village
  - SLO District Offices
  - SLO District Boundary
  - Hwy Mileposts
  - Interstate
  - NM Hwy
  - US Hwy
  - Local Road
  - Continental Divide
- Federal Minerals Ownership**
- All Minerals
  - Coal Only
  - Oil and Gas Only
  - Oil, Gas and Coal Only
  - Other Minerals
- State Trust Lands**
- Surface Estate
  - Subsurface Estate
  - Surface and Subsurface Estate
- State Leases**
- Oil and Gas Leases
  - Agricultural Leases
  - Commercial Leases
  - Minerals Leases
  - Not Available for Oil and Gas Leasing
  - Oil and Gas Leasing Influenced by Restriction
- Oil and Gas Related Features**
- Oil and Gas Unit Boundary
  - Participating Areas in Units
  - Geologic Regions
  - Volcanic Vents
  - NMOCD Order R-111-P Potash Enclave Outline
- NMOCD Oil and Gas Wells**
- CO<sub>2</sub>
  - Injection
  - Oil
  - Water
  - Gas
  - Miscellaneous
  - Salt Water Disposal
  - DA or PA

Palmillo 14-15 State 3H dedication

SHL

BHL

190S  
206E

X0-0648-0150

**New Mexico State Land Office  
Oil, Gas and Minerals**

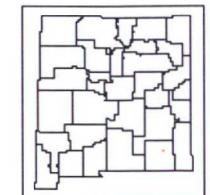
0 0.05 0.1 0.2 0.3 0.4 Miles  
Universal Transverse Mercator Projection, Zone 13  
1983 North American Datum

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center  
logic@slo.state.nm.us

Created On: 2/25/2017 11:04:13 AM

**EXHIBIT A**



www.nmstatelands.org

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 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, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-		<sup>2</sup> Pool Code 96413		<sup>3</sup> Pool Name PALMILLO; BONESPRING, SW	
<sup>4</sup> Property Code		<sup>5</sup> Property Name PALMILLO 14-15 STATE			<sup>6</sup> Well Number 3H
<sup>7</sup> OGRID NO. 873		<sup>8</sup> Operator Name APACHE CORPORATION			<sup>9</sup> Elevation 3462'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	15	19S	28E		1600	NORTH	450	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

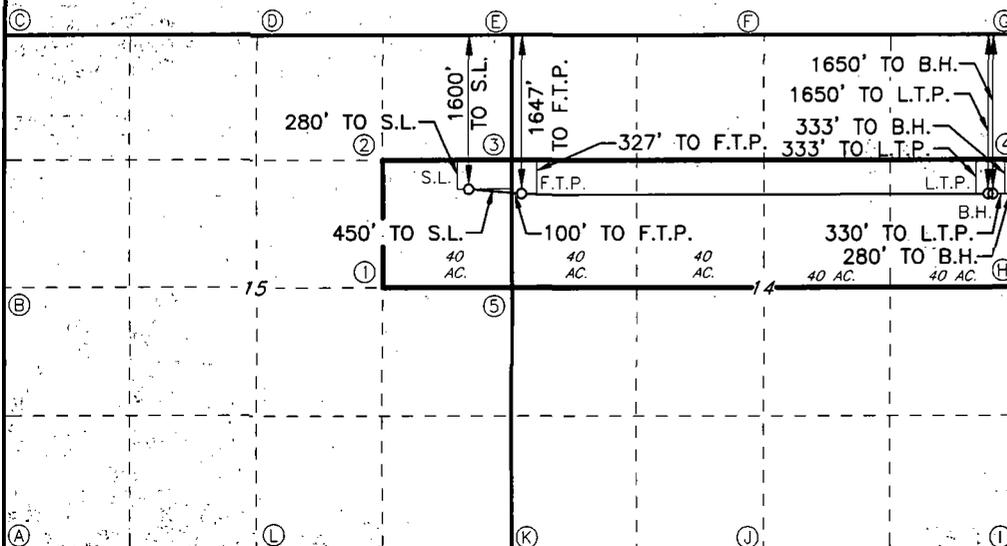
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	14	19S	28E		1650	NORTH	280	EAST	EDDY

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

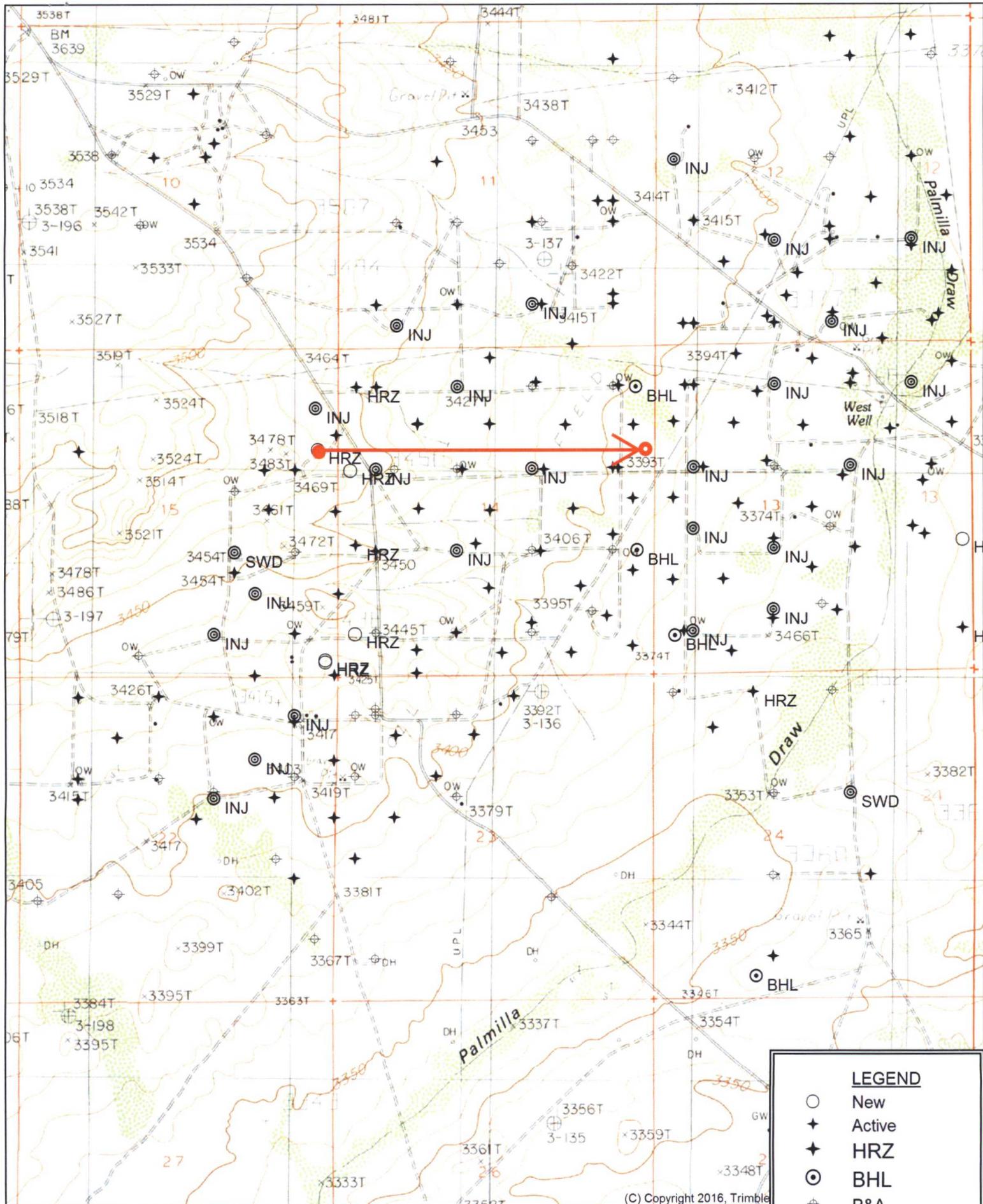
No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<sup>16</sup> GEODETIC DATA	CORNER DATA	CORNER DATA
NAD 27 GRID - NM EAST	NAD 27 GRID - NM EAST	NAD 27 GRID - NM EAST
<u>SURFACE LOCATION</u> N: 605151.7 - E: 554357.1 LAT: 32.66353861° N LONG: 104.15670126° W	A: FOUND BRASS CAP "1941" N: 601428.9 - E: 549605.0 B: FOUND BRASS CAP "1941" N: 604061.8 - E: 549614.0 C: FOUND BRASS CAP "1941" N: 606698.6 - E: 549623.9 D: FOUND BRASS CAP "1941" N: 606727.2 - E: 552217.4 E: FOUND BRASS CAP "1941" N: 606756.6 - E: 554810.5 F: FOUND BRASS CAP "1941" N: 606778.9 - E: 557407.3 G: FOUND BRASS CAP "1941" N: 606801.8 - E: 560004.8 H: FOUND BRASS CAP "1941" N: 604169.0 - E: 559998.8	I: FOUND BRASS CAP "1941" N: 601519.0 - E: 559992.8 J: FOUND BRASS CAP "1941" N: 601498.3 - E: 557396.3 K: FOUND BRASS CAP "1941" N: 601479.3 - E: 554798.9 L: FOUND BRASS CAP "1941" N: 601455.6 - E: 552204.4  1: CALCULATED POINT N: 604103.9 - E: 553507.8 2: CALCULATED POINT N: 605422.9 - E: 553510.9 3: CALCULATED POINT N: 605437.2 - E: 554807.6 4: CALCULATED POINT N: 605485.4 - E: 560001.8 5: CALCULATED POINT N: 604117.9 - E: 554804.7
<u>FIRST TAKE POINT (F.T.P.)</u> N: 605111.0 - E: 554906.9 LAT: 32.66342405° N LONG: 104.15491483° W		
<u>LAST TAKE POINT (L.T.P.)</u> N: 605149.3 - E: 559671.1 LAT: 32.66350656° N LONG: 104.13943340° W		
<u>BOTTOM LOCATION</u> N: 605149.8 - E: 559721.1 LAT: 32.66350757° N LONG: 104.13927095° W		

**<sup>17</sup> 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 bottom hole 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.  
*Sorina L Flores* 1/13/2017  
Signature Date  
**SORINA L. FLORES**  
Printed Name  
sorina.flores@apachecorp.com  
E-mail Address



**<sup>18</sup> 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.  
11-29-2016  
Date of Survey  
Signature and Seal of Professional Surveyor  
**ROBERT M. HOWETT**  
NEW MEXICO  
19680  
PROFESSIONAL SURVEYOR  
19680  
Certificate Number  
1/10/16 DIR. PLAN  
**EXHIBIT B**



(C) Copyright 2016, Trimble



Quad: ILLINOIS CAMP  
Scale: 1 inch = 2,000 ft.

**EXHIBIT C**

LEGEND	
○	New
+	Active
✦	HRZ
⊙	BHL
⊕	P&A
⊗	INJ
⊗	SWD
⊗	Water

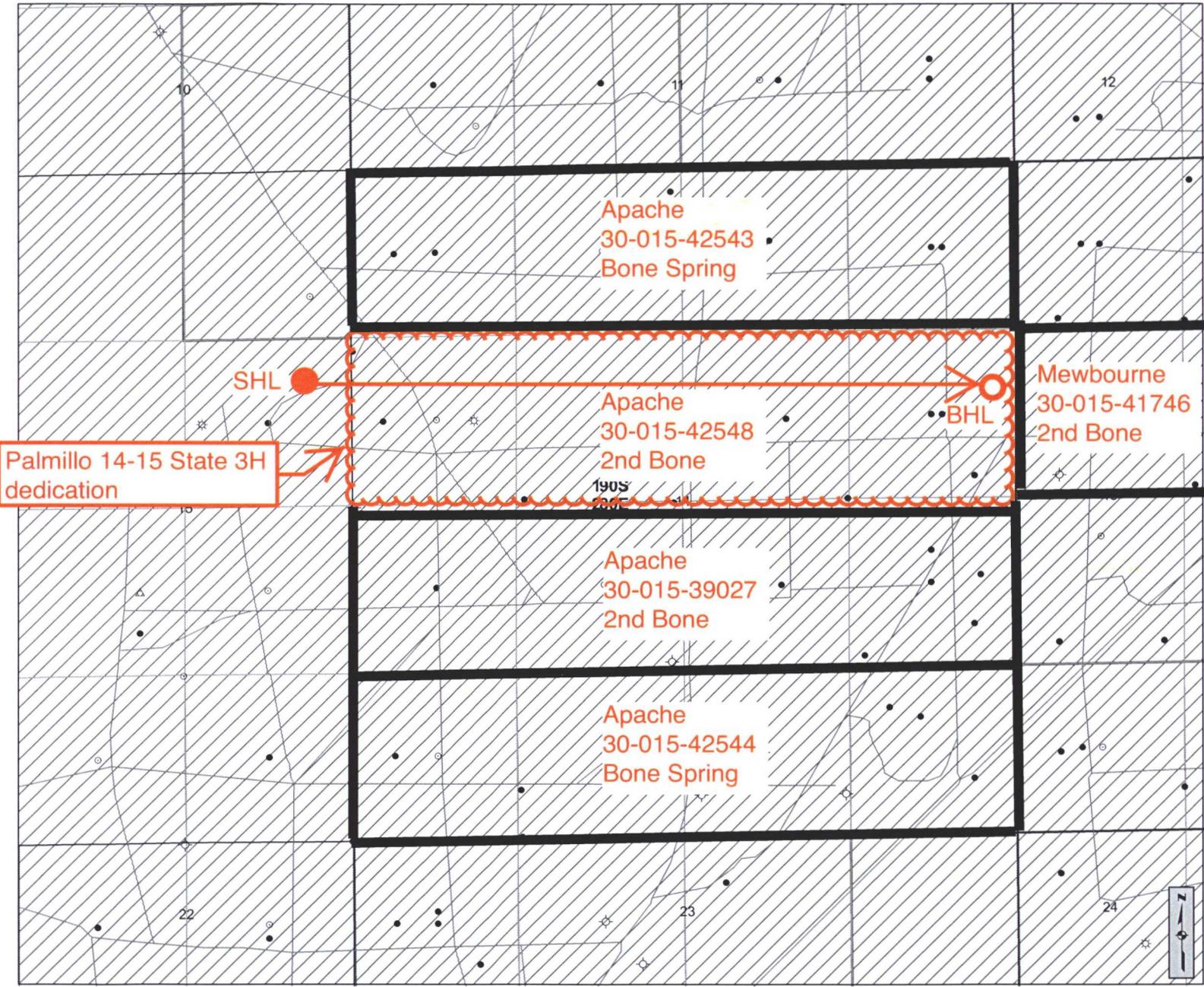


Looking East at DCP valve and R/W. Palmillo 14-15 State 3H pad on left.



EXHIBIT D

Looking NW at Palmillo 14-15 State 3H center stake & toward transformer pole.



- Cartographic Features**
- County Boundaries
  - County Seats
  - City, Town or Village
  - SLO District Offices
  - SLO District Boundary
  - Hwy Mileposts
  - Interstate
  - US Hwy
  - NM Hwy
  - Local Road
  - Continental Divide
- Federal Minerals Ownership**
- All Minerals
  - Coal Only
  - Oil and Gas Only
  - Oil, Gas and Coal Only
  - Other Minerals
- State Trust Lands**
- Surface Estate
  - Subsurface Estate
  - Surface and Subsurface Estate
- State Leases**
- Oil and Gas Leases
  - Agricultural Leases
  - Commercial Leases
  - Minerals Leases
  - Not Available for Oil and Gas Leasing
  - Oil and Gas Leasing Influenced by Restriction
- Oil and Gas Related Features**
- Oil and Gas Unit Boundary
  - Participating Areas in Units
  - Geologic Regions
  - Volcanic Vents
  - NMOCD Order R-111-P Potash Enclave Outline
- NMOCD Oil and Gas Wells**
- CO<sub>2</sub>
  - Gas
  - Injection
  - Miscellaneous
  - Oil
  - Salt Water Disposal
  - Water
  - DA or PA

Palmillo 14-15 State 3H dedication

**New Mexico State Land Office**  
**Oil, Gas and Minerals**

0 0.05 0.1 0.2 0.3 0.4  
 Miles

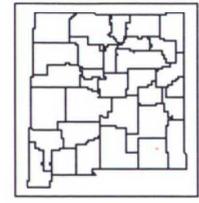
Universal Transverse Mercator Projection, Zone 13  
 1983 North American Datum

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center  
 logic@slo.state.nm.us

Created On: 2/25/2017 11:04:13 AM

**EXHIBIT E**



www.nmstatelands.org

February 27, 2017

NM State Land Office  
 PO Box 1148  
 Santa Fe NM 87504

**TYPICAL LETTER**

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.

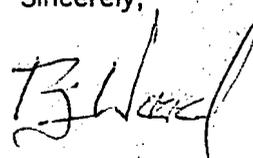
Apache Corporation is applying to produce its Palmillo 14-15 State 3H oil well from a NSL. The minimum State distance for take points is 330' from a dedication line. The first take point (FTP) is 3' further north and 230' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to geology and land uses.

- Well Name: Palmillo 14-15 State 3H      MD: 12,482'
- Proposed NSL Zone: Palmillo; Bone Spring, SW
- NSL Acreage Dedication: 160 acres (S2N2 Section 14)
- SHL: 1600' FNL & 450' FEL Sec. 15, T. 19 S., R. 28 E., Eddy County, NM  
 on NM State Land Office lease X0-0648-0150 (FTP is 341' from lease boundary)
- Approximate Location: ~14 air miles southwest 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

7016 1370 0000 0859 6072

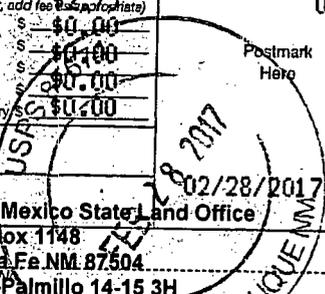
<b>U.S. Postal Service</b>	
<b>CERTIFIED MAIL® RECEIPT</b>	
<i>Domestic Mail Only</i>	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>SANTA FE, NM 87504</b>	
<b>OFFICIAL USE</b>	
Certified Mail Fee	\$ 3.35
Extra Services & Fees (check box, add fee if appropriate)	\$ 2.75
<input type="checkbox"/> Return Receipt (hardcopy)	\$ 0.00
<input type="checkbox"/> Return Receipt (electronic)	\$ 0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ 0.00
<input type="checkbox"/> Adult Signature Required	\$ 0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ 0.00
Postage	\$ 1.40
Total Postage and Fees	\$ 7.50
Sent To: <b>New Mexico State Land Office</b>	
PO Box 1148	
Santa Fe NM 87504	
Street and Apt. No., or P.O. Box	
City, State, ZIP+4®	
	

EXHIBIT F

# PERMITS WEST INC.

PROVIDING PERMITS FOR LAND USERS  
17 Youngs Bay, Santa Fe, New Mexico 87505 (505) 476-3440

February 27, 2017

COG Operating LLC  
600 West Illinois Ave.  
Midland, TX 79701

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.

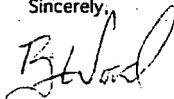
Apache Corporation is applying to produce its Palmillo 14-15 State 3H oil well from a NSL. The minimum State distance for take points is 330' from a dedication line. The first take point (FTP) is 3' further north and 230' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to geology and land uses.

**Well Name:** Palmillo 14-15 State 3H **MD:** 12,482'  
**Proposed NSL Zone:** Palmillo; Bone Spring, SW  
**NSL Acreage Dedication:** 160 acres (S2N2 Section 14)  
**SHL:** 1600' FNL & 450' FEL Sec. 15, T. 19 S., R. 28 E., Eddy County, NM  
on NM State Land Office lease XO-0648-0150 (FTP is 341' from lease boundary)  
**Approximate Location:** ~14 air miles southwest of Loco Hills, NM  
**Applicant Name:** Apache Corporation (432) 818-1167  
**Applicant's Address:** 303 Veterans Airpark Lane, Suite 3000, Midland, TX 79705

**Submission 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

U.S. Postal Service <sup>®</sup>	
CERTIFIED MAIL <sup>®</sup> RECEIPT	
Domestic Mail Only	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a> .	
MIDLAND, TX 79701	
Certified Mail Fee \$3.35	Postmark Here 0574 03 02/28/2017
Extra Services & Fees (check box, add fee)	
<input type="checkbox"/> Return Receipt (hardcopy) \$0.00	
<input type="checkbox"/> Return Receipt (electronic) \$0.00	
<input type="checkbox"/> Certified Mail Restricted Delivery \$0.00	
<input type="checkbox"/> Adult Signature Required \$0.00	
<input type="checkbox"/> Adult Signature Restricted Delivery \$0.00	
Postage \$1.40	
Total Postage and Fees \$7.55	
Sent To COG Operating LLC 600 West Illinois Ave Midland TX 79701	
Street and Apt. No., or P.O. Box No. APC-Palmillo 14-15 3H	
City, State, ZIP+4 <sup>®</sup>	

EXHIBIT F

# PERMITS WEST INC.

PROVIDING PERMITS FOR LAND USERS  
17 Youngs Bay, Santa Fe, New Mexico 87505 (505) 476-3440

February 27, 2017

EOG Y Resources  
5509 Champions Dr.  
Midland, TX 79706

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.

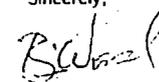
Apache Corporation is applying to produce its Palmillo 14-15 State 3H oil well from a NSL. The minimum State distance for take points is 330' from a dedication line. The first take point (FTP) is 3' further north and 230' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to geology and land uses.

**Well Name:** Palmillo 14-15 State 3H **MD:** 12,482'  
**Proposed NSL Zone:** Palmillo; Bone Spring, SW  
**NSL Acreage Dedication:** 160 acres (S2N2 Section 14)  
**SHL:** 1600' FNL & 450' FEL Sec. 15, T. 19 S., R. 28 E., Eddy County, NM  
on NM State Land Office lease XO-0648-0150 (FTP is 341' from lease boundary)  
**Approximate Location:** ~14 air miles southwest of Loco Hills, NM  
**Applicant Name:** Apache Corporation (432) 818-1167  
**Applicant's Address:** 303 Veterans Airpark Lane, Suite 3000, Midland, TX 79705

**Submission 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

U.S. Postal Service <sup>®</sup>	
CERTIFIED MAIL <sup>®</sup> RECEIPT	
Domestic Mail Only	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a> .	
MIDLAND, TX 79706	
Certified Mail Fee \$3.35	Postmark Here 0574 03 02/28/2017
Extra Services & Fees (check box, add fee)	
<input type="checkbox"/> Return Receipt (hardcopy) \$0.00	
<input type="checkbox"/> Return Receipt (electronic) \$0.00	
<input type="checkbox"/> Certified Mail Restricted Delivery \$0.00	
<input type="checkbox"/> Adult Signature Required \$0.00	
<input type="checkbox"/> Adult Signature Restricted Delivery \$0.00	
Postage \$1.40	
Total Postage and Fees \$7.55	
Sent To EOG Y Resources 5509 Champions Drive Midland TX 79706	
Street and Apt. No., or P.O. Box No. APC-Palmillo 14-15 3H	
City, State, ZIP+4 <sup>®</sup>	

7016 1370 0000 0854 6034



## **Lowe, Leonard, EMNRD**

---

**From:** McMillan, Michael, EMNRD  
**Sent:** Monday, April 3, 2017 2:01 PM  
**To:** Brian Wood (brian@permitswest.com)  
**Cc:** Lowe, Leonard, EMNRD  
**Subject:** RE: Apache Corporation Palmillo 14-15 State #3H return receipts

Brian:  
The OCD will require more justification of the NSL application. The OCD will require a statement of how the Applicant will develop the Section.

Further, the Division will require break-down the percentages of the working interests and the affected parties.

Thank You  
Mike

---

**From:** McMillan, Michael, EMNRD  
**Sent:** Monday, April 3, 2017 1:31 PM  
**To:** 'Brian Wood (brian@permitswest.com)' <brian@permitswest.com>  
**Cc:** Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>  
**Subject:** Apache Corporation Palmillo 14-15 State #3H return receipts

Brian:  
I need the return receipts for the Apache Corporation Palmillo 14-15 State #3H

Mike

**MICHAEL A. MCMILLAN**  
Engineering Bureau, Oil Conservation Division  
1220 south St. Francis Dr., Santa Fe NM 87505  
O: 505.476.3448  
[Michael.McMillan@state.nm.us](mailto:Michael.McMillan@state.nm.us)

Palmillo 14-15 State # 3H

#11

# USPS Tracking® Results

FAQs > (<http://faq.usps.com/?articleId=220900>)

[Track Another Package](#) +

[Remove X](#)

Tracking Number: 7016137000008596034

In Transit

## Product & Tracking Information

[See Available Actions](#)

Postal Product:  
First-Class Mail®

Features:  
Certified Mail™  
Return Receipt

See tracking for related item: 9590940218406104156990  
([/go/TrackConfirmAction?tLabels=9590940218406104156990](#))

DATE & TIME	STATUS OF ITEM	LOCATION
March 4, 2017, 9:38 am	Business Closed	MIDLAND, TX 79706
Your item is being held at the Post Office in MIDLAND, TX 79706 on March 4, 2017 at 9:38 am because the business was closed. The item will be delivered the next delivery day that the business is open.		
March 4, 2017, 7:24 am	In Transit to Destination	
March 3, 2017, 12:24 am	Departed USPS Destination Facility	MIDLAND, TX 79711
March 2, 2017, 7:17 pm	Arrived at USPS Destination Facility	MIDLAND, TX 79711
March 2, 2017, 4:30 am	In Transit to Destination	
March 1, 2017, 2:50 am	Departed USPS Facility	ALBUQUERQUE, NM 87101
February 28, 2017, 9:30 pm	Arrived at USPS Origin Facility	ALBUQUERQUE, NM 87101
February 28, 2017, 4:43 pm	Departed Post Office	TESUQUE, NM 87574
February 28, 2017, 12:36 pm	Acceptance	TESUQUE, NM 87574

[See Less](#) ^

## Available Actions

<https://tools.usps.com/go/TrackConfirmAction?tLabels=7016137000008596034>

Page 1 of 3

4009 6590 0000 0859 6034

U.S. Postal Service  
**CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

MIDLAND TX 79706

0574 03

Certified Mail Fee \$2.33

Extra Services & Fees (check box, add fee to postage)

Return Receipt (hardcopy) \$0.00

Return Receipt (electronic) \$0.00

Certified Mail Restricted Delivery \$0.00

Adult Signature Required \$0.00

Adult Signature Restricted Delivery \$0.00

Postage \$1.40

Total Postage and Fees \$7.88

Sent To 5509 Champions Drive  
Midland TX 79706  
Street and Apt. No., or P.O. Box  
APR 5 Palmillo 14-15 3H  
City, State, ZIP+4®

02/28/2017

PS Form 3800, April 2015 PSN 7530-02-000-9047-9-0-0 See Reverse for Instructions

III/IV

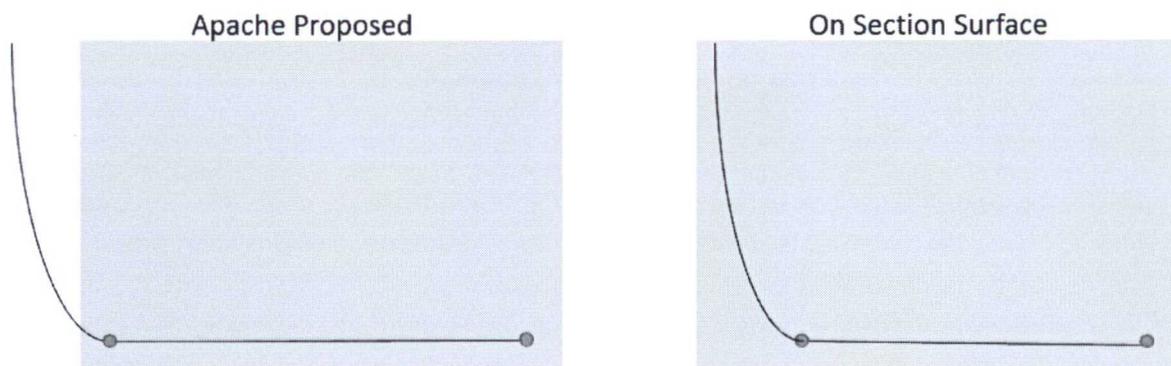
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery <i>3/3/17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>COG Operating LLC          600 West Illinois Ave          Midland TX 79701</p> <p>APC Palmillo 14-15 3H</p> <p>9590 9402 1840 6104 1569 83</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery  <input type="checkbox"/> Insured Mail Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)          7016 1370 0000 0859 6041</p>	
PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery <i>3/6/17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Khody Land &amp; Minerals Company          3500 One Williams Center MD 35          Tulsa OK 74172</p> <p>APC Palmillo 14-15 3H</p> <p>9590 9403 0887 5223 6389 39</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery  <input type="checkbox"/> Insured Mail Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)          7016 1370 0000 0859 6065</p>	
PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt	

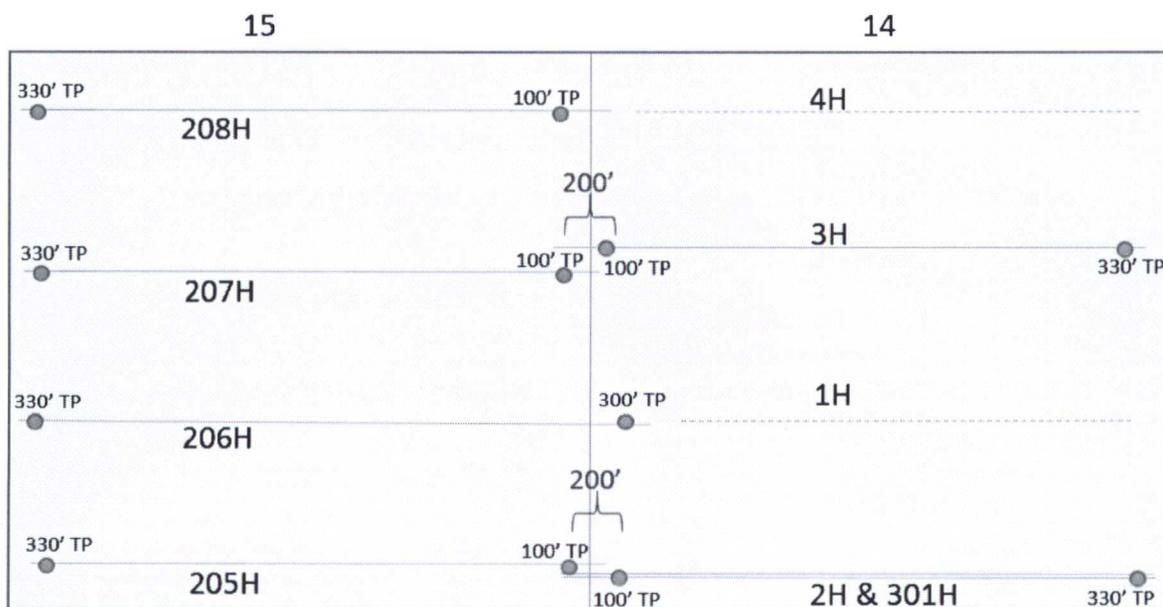
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>New Mexico State Land Office          PO Box 1148          Santa Fe NM 87504</p> <p>APC Palmillo 14-15 3H</p> <p>9590 9403 0887 5223 6389 22</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery  <input type="checkbox"/> Insured Mail Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)          7016 1370 0000 0859 6072</p>	
PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>[Signature]</i> C. Date of Delivery <i>3/4/17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Penroc Oil Corporation          PO Box 2769          Hobbs NM 88241</p> <p>APC Palmillo 14-15 3H</p> <p>9590 9403 0887 5223 6389 15</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery  <input type="checkbox"/> Insured Mail Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)          7016 1370 0000 0859 6058</p>	
PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt	

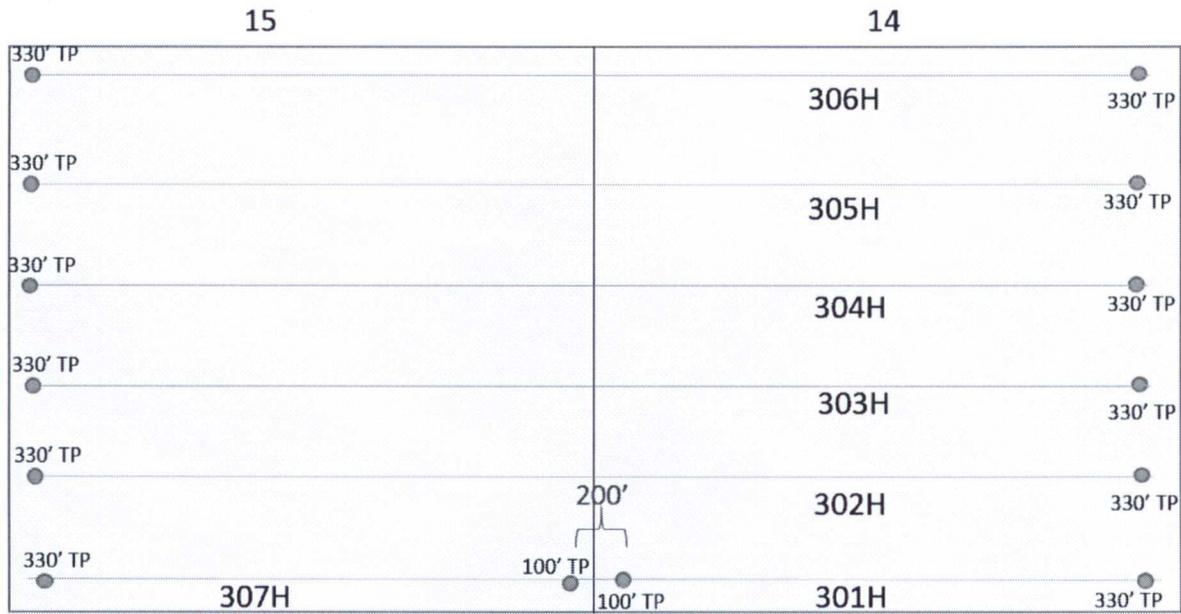
Apache desires to develop sections 14 and 15 in a way that exploits the maximum reserves and does not leave behind untouched reservoir that will not be developed in the future. The NSL allows Apache to perforate and complete the lateral section much closer to the section line. Two pictures are below depicting Apache's proposed NSL versus an on section surface site.



For the perforations on the outside of Apache's unit, 330' is honored for the distance to the section line. However, within the unit, Apache desires minimize the space between wellbores in section 14 and 15 by keeping only 100' from the 14/15 section line. This leaves on 200' of untouched reservoir instead of 660'. The 200' was chosen to make sure Apache does not frac into the lateral opposing it. The figure below shows the existing 4H & 1H wells; the 2017 planned 3H, 2H, and 301H; and the 2018 planned 205H-208H. Except for the 301H, these wells are all planned in the 2<sup>nd</sup> Bone Spring Sand.



The 301H is planned as a test in the 3<sup>rd</sup> Bone Spring Sand. If this test is successful, Apache plans to develop the remaining 3<sup>rd</sup> Bone Spring with 2 mile horizontal wells as seen in the next figure below.



Apache and our partners in Sec 14 & 15 have mutually agreed to form a working interest unit for the development of future Palmillo 14-15 State wells as to the Bone Spring formation, less & except the existing Palmillo 14 State 1H and Palmillo 14 State 4H wells. The revised unit working interest for these future Palmillo 14-15 State wells is reflected in amendments under the joint operating agreements governing the sections. Concho and EOG Y have sold their working interest in the future Palmillo 14-15 State wells to Apache but retained their working interest in the existing 1H & 4H wellbores.

	Palmillo 14-15 State Unit WI
Apache	76.041667%
Penroc	11.979167%
WPX (Khody)	11.979167%