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|--------------------|----------|-----------------------|----------------------|-------------|---------------------------|
| DATE IN 3/16/09 | SUSPENSE | ENGINEER D. Brooks | LOGGED IN 3/16/09 | TYPE NSP | APP NO. PKAA0907554967 |
|--------------------|----------|-----------------------|----------------------|-------------|---------------------------|

RECEIVED

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

2009 MAR 16 PM 12 48 - Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



30-025-0699⁶ +
Owen B 1, 2, 4, 6, 10 & 12
Apache Corp
873

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 _____

[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.

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

James Bruce Attorney for Applicant 3/16/09
Signature Title Date
jamesbruc@aol.com
e-mail Address

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

March 16, 2009

Hand Delivered

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Brooks:

Apache Corporation applies for administrative approval of several non-standard 40 acre gas well units in the Blinebry Oil and Gas Pool and the Tubb Oil and Gas Pool. The following wells, located in the SW¼ of Section 34, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico (applicant's Owen B Lease), are involved in this application:

| | | |
|---|---|-------|
| Owen B Well No. 1, located 990 feet FSL and 330 feet FWL | M | 06996 |
| Owen B Well No. 2, located 1980 feet FSL and 420 feet FWL | L | 06997 |
| Owen B Well No. 4, located 660 feet FSL and 1980 feet FWL | N | 06999 |
| Owen B Well No. 6, located 1980 feet FSL and 2180 feet FWL | K | 34321 |
| Owen B Well No. 10, located 2222 feet FSL and 706 feet FWL (bottom hole location) | T | 35638 |
| Owen B Well No. 12, located 330 feet FSL and 760 feet FWL | | 37239 |

A plat of the Owen B Lease, identifying the wells involved in this application, is attached as **Exhibit A**.

The above wells produce from the Blinebry, Tubb, and/or Drinkard formations. Under Division Order No. R-8170, as amended, spacing in both the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool is 160 acres for gas wells, and 40 acres for oil wells. The rules provide for non-standard gas well units of less than 160 acres. A gas well in each pool is defined as a well producing at a GOR of 50,000:1 or greater. Acreage dedicated to a gas well shall not be simultaneously dedicated to an oil well. (All wells are completed in the Drinkard formation (Drinkard Pool), an oil pool which is spaced on statewide 40 acres. The Drinkard data is included for informational purposes only.)

The wells involved in this application, the quarter-quarter sections in which the wells are located, their acreage dedications and current gas/oil status, and their approximate GOR's in the Blinebry and Tubb formations (for the last 12 months), are as follows:

| | Owen B1 (SW ¹ / ₄ SW ¹ / ₄) | Owen B2 (NW ¹ / ₄ SW ¹ / ₄) | Owen B4 (SE ¹ / ₄ SW ¹ / ₄) | Owen B6 (NE ¹ / ₄ SW ¹ / ₄) | Owen B10 (NW ¹ / ₄ SW ¹ / ₄) | Owen B12 (SW ¹ / ₄ SW ¹ / ₄) |
|----------|---|---|---|---|--|--|
| Blinebry | 40 acres (oil) 16,000 | — | 80 acres (gas) 24,000 | 80 acres (gas) ≥ 50,000 | 40 acres (oil) 120,000 | 40 acres (oil) 8,000 |
| Tubb | — | 160 acres (gas) 157,000 | — | 160 acres (gas) ¹ ≥ 50,000 | — | 40 acres (oil) 9,000 |
| Drinkard | 40 acres (oil) | 40 acres (oil) |

Notes: (1) The N¹/₂SW¹/₄ and SE¹/₄SW¹/₄ of Section 34 were dedicated (in the Blinebry formation) to Well Nos. 4, 6, and 10, forming a 120 acre non-standard gas well unit. Well No. 10 began producing as an oil well, and the non-standard gas well unit for Well Nos. 4 and 6 was changed to the E¹/₂SW¹/₄ of Section 34. **Administrative Order NSP-1823-A(L)(SD).**

(2) Well No. 4 is now producing as an oil well, and Well No. 10 is now producing as a gas well. Thus, the producing characteristics of the Blinebry wells can change over time.

(3) The 160 acre well unit in the Tubb formation for Well Nos. 2 and 6 is comprised of the SW¹/₄ of Section 34. However, Well No. 12 is an oil well requiring a 40 acre unit, so a new well unit for Well Nos. 2 and 6 is required.

Applicant requests that all wells be granted 40 acre spacing in the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool, whether for oil or gas. This will eliminate overlapping well units for oil and gas wells, and will facilitate further development of the Owen B Lease: Applicant could re-complete Well Nos. 1, 2, 4, and 10 in the Blinebry or Tubb formations, and approval of this application will prevent further non-standard unit applications. In addition, further GOR changes in the wells will not require a reclassification and well unit change. If granted, the following well units will be in effect:

| | Owen B1 (SW ¹ / ₄ SW ¹ / ₄) | Owen B2 (NW ¹ / ₄ SW ¹ / ₄) | Owen B4 (SE ¹ / ₄ SW ¹ / ₄) | Owen B6 (NE ¹ / ₄ SW ¹ / ₄) | Owen B10 (NW ¹ / ₄ SW ¹ / ₄) | Owen B12 (SW ¹ / ₄ SW ¹ / ₄) |
|----------|---|---|---|---|--|--|
| Blinebry | 40 acres (oil) | — | 40 acres (gas or oil) | 40 acres (gas) | 40 acres (oil or gas) | 40 acres (oil) |
| Tubb | — | 40 acres (gas) | — | 40 acres (gas) | — | 40 acres (oil) |

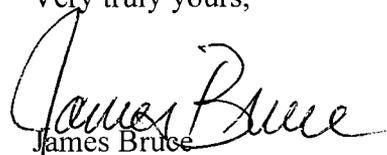
A land plat with a listing of the operators of all quarter sections offsetting the SW¹/₄ of Section 34 is marked **Exhibit B**. Notice was given to all operators by the letter attached as **Exhibit C**.

Interest ownership in the SW¹/₄ of Section 34 is common, so no one in the quarter section has been notified of this application.

Please call me if you need any further information on this matter.

¹ The unorthodox location in the Tubb formation for Well No. 6 was approved by Administrative Order NSL-4304(SD).

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above the printed name "James Bruce".

James Bruce

Attorney for Apache Corporation

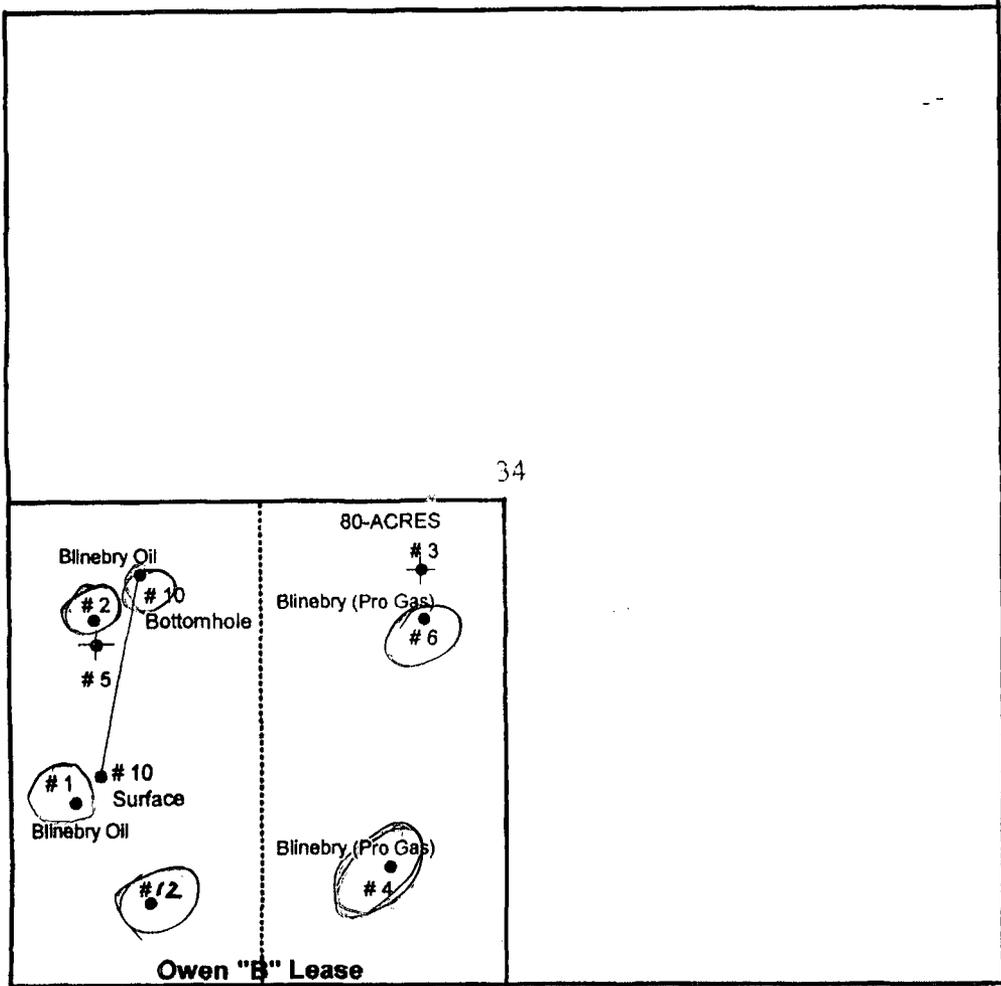
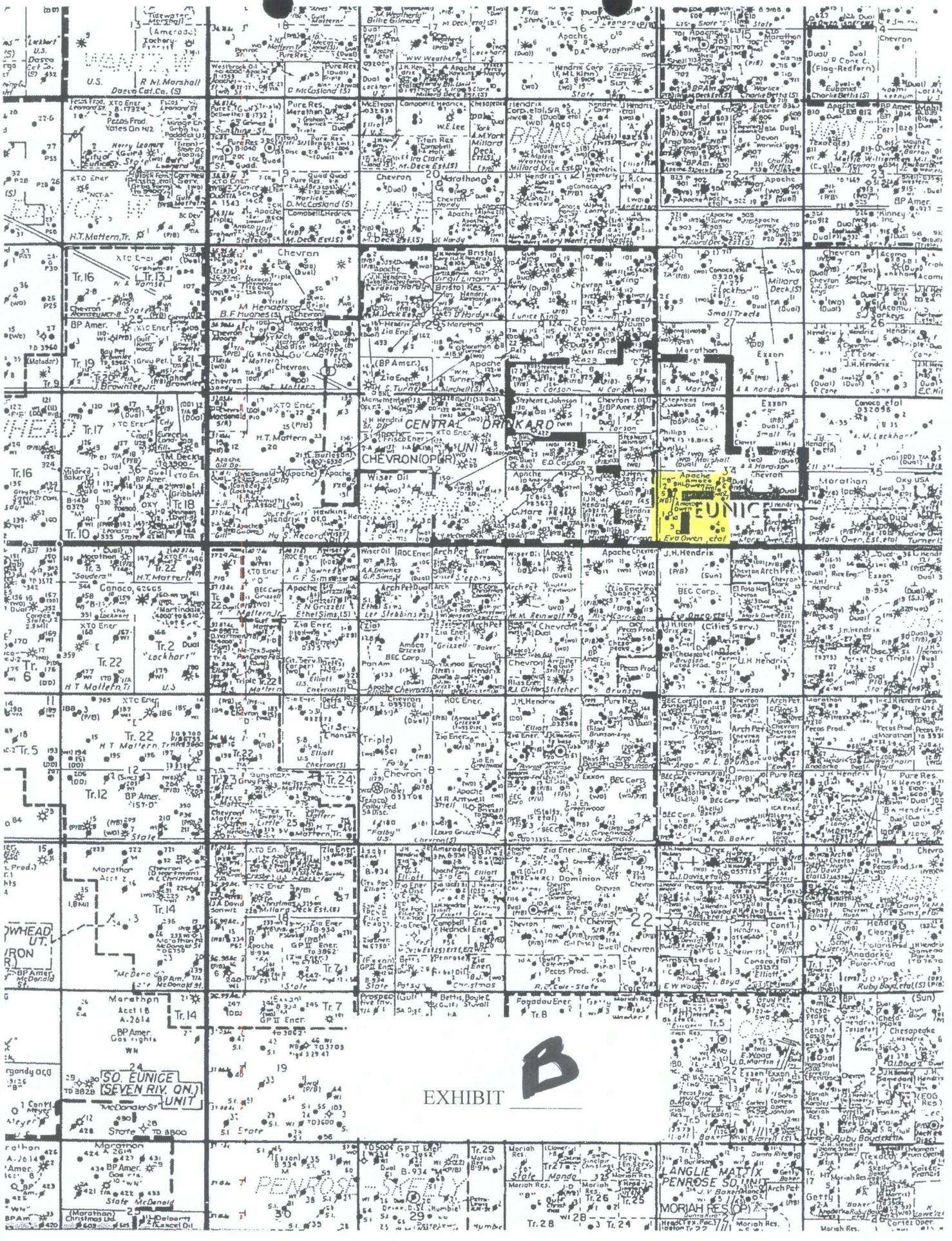


EXHIBIT **A**



OWEN 'B' LEASE
 NO. 4 AND NO.6
 NON-STANDARD PRORATION UNIT
 SECTION 34 / T21S / R37E
 LEA COUNTY, NEW MEXICO
 SCALE: 1" = 1000'



EXHIBIT



PENROSE S.W. UNIT

ANGIE MATT UNIT
PENROSE S.W. UNIT
MORJAH RES. UNIT

SO. EUINICE
(SEVEN RIV. ON.)
UNIT

WHEAD UT.
IRON ENR.

BP Amer.
McDonnell

BP Amer.
H.T. Matern, Jr.

U.S.
R.M. Marshall
Dacia Cal. Co. (S)

Offset Operators

NE¼ §34-21S-37E
Exxon Mobil Corporation

NW¼ §34-21S-37E
Stephens & Johnson Operating Company

SE¼ §34-21S-37E
Chevron U.S.A. Inc.

NE¼ §33-21S-37E
Chevron U.S.A. Inc.
Stephens & Johnson Operating Company

SE¼ §33-21S-37E
John H. Hendrix Corporation
Range Operating New Mexico Inc.

NE¼ §4-22S-37E
Apache Corporation

NW¼ §3-22S-37E
John H. Hendrix Corporation
BEC Corporation

NE¼ §3-22S-37E
Chevron U.S.A. Inc.

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

March 16, 2009

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of application, filed with the New Mexico Oil Conservation Division by Apache Corporation, seeking approval of non-standard gas well units in the Blinebry and Tubb formations for wells in the SW¹/₄ of Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. If you object to the application you must notify the Division in writing within 20 days of the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,


James Bruce

Attorney for Apache Corporation

EXHIBIT 

EXHIBIT A

Chevron U.S.A. Inc.
Attention: NOJV Group
11111 South Wilcrest
Houston, Texas 77099

Stephens & Johnson Operating Company
P.O. Box 2249
Wichita Falls, Texas 76037

Exxon Mobil Corporation
Attention: Land Department
P.O. Box 4610
Houston, Texas 77210

Range Operating New Mexico Inc.
Suite 800
777 Main Street
Fort Worth, Texas 76102

John H. Hendrix Corporation
Suite 400
110 North Marienfeld
Midland, Texas 79701

BEC Corporation
P.O. Box 1392
Midland, TX 79702

Apache Corp - Owen B #1 et al. - NSP Application

| Well # | API # | Surface location | Bottom-hole | Unit | Pool | Official G/O | Spacing Unit | Current Status | New Spacing Unit |
|--------|--------------|--------------------|-------------------|------|----------|--------------|--------------|----------------|------------------|
| 1 | 30-025-06996 | 990 FSL, 330 FWL | same | M | Blinebry | O | SW/SW | | NW/SW |
| 2 | 30-025-06997 | 1980 FSL, 420 FWL | same | L | Tubb | G | SW | | SE/SW |
| 4 | 30-025-06999 | 660 FSL, 1980 FWL | same | N | Blinebry | G | E/2 SW/4 | NSP 1823-A | NE/SW |
| 6 | 30-025-34321 | 1980 FSL, 2180 FWL | same | K | Blinebry | G | E/2 SW/4 | NSP 1823-A | NE/SW |
| 6 | 30-025-34321 | 1980 FSL, 2180 FWL | same | K | Tubb | G | SW/4 | | NE/SW |
| 10 | 30-025-35638 | 1137 FSL, 497 FWL | 2222 FSL, 706 FWL | L | Blinebry | O | NW/SW | | |
| 12 | 30-025-37239 | 330 FSL, 760 FWL | same | M | Blinebry | O | SW/SW | | |
| 12 | 30-025-37239 | 330 FSL, 760 FWL | same | M | Tubb | O | SW/SW | | |