

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Apache

ADMINISTRATIVE APPLICATION CHECKLIST

1939

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 _____

*Walter Lynch #4
30-025-09949*

*Walter Lynch #6
30-025-25131*

- [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

2009 DEC 29 A 11:43
 RECEIVED OGD
 R-8170

[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.

Michelle Hanson		Landman	12/18/09
Print or Type Name	Signature	Title	Date
		<u>Michelle.hanson@apachecorp.com</u>	
		e-mail Address	



Central Region Land Department
(918) 491-4900
(918) 491-4854 (FAX)

December 28, 2009

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

RECEIVED OGD
2009 DEC 29 A 11:44

Dear Mr. Fesmire,

Apache Corporation respectfully requests administrative approval for several non-standard 40-acre gas well units in the Tubb Oil and Gas Pool. The following wells, located in the NW¼ of Section 4, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico (applicant's Walter Lynch Lease), are involved in this application:

- Walter Lynch 4, located 660 feet FNL and 585 feet FWL 30-025-09949
- Walter Lynch 6, located 2310 feet FNL and 1980 feet FWL 30-025-25131

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

The above wells produce from the Tubb formations, among other formations. Under Division Order No. R-8170, as amended, spacing in the 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.

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 YTD GOR's in the Blinebry and Tubb formations, are as follows:

	Walter Lynch 4 <u>(NW¼NW¼)</u>	Walter Lynch 6 <u>(SE¼NW¼)</u>
Tubb	160 acres (gas) 87,000	160 acres (gas) 26,000

Applicant requests that all wells be granted 40-acre spacing in the 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 Walter Lynch Lease. 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 for the Tubb Oil and Gas Pool:

	Walter Lynch 4	Walter Lynch 6
	<u>(NW¼NW¼)</u>	<u>(SE¼NW¼)</u>
Tubb	40 acres (gas)	40 acres (oil)

A land plat with a listing of the operators of all quarter sections offsetting the NW¼ of Section 1 is marked **Exhibit B**. Notice was given to all operators by the letter attached as **Exhibit C**.

Interest ownership within the NW¼ of Section 1 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.

Sincerely,
APACHE CORPORATION



Michelle Hanson
Landman
(918) 491-4838 direct
(918) 491-4854 fax
Michelle.hanson@apachecorp.com

30-025-37512
660FNLC 1815FWL

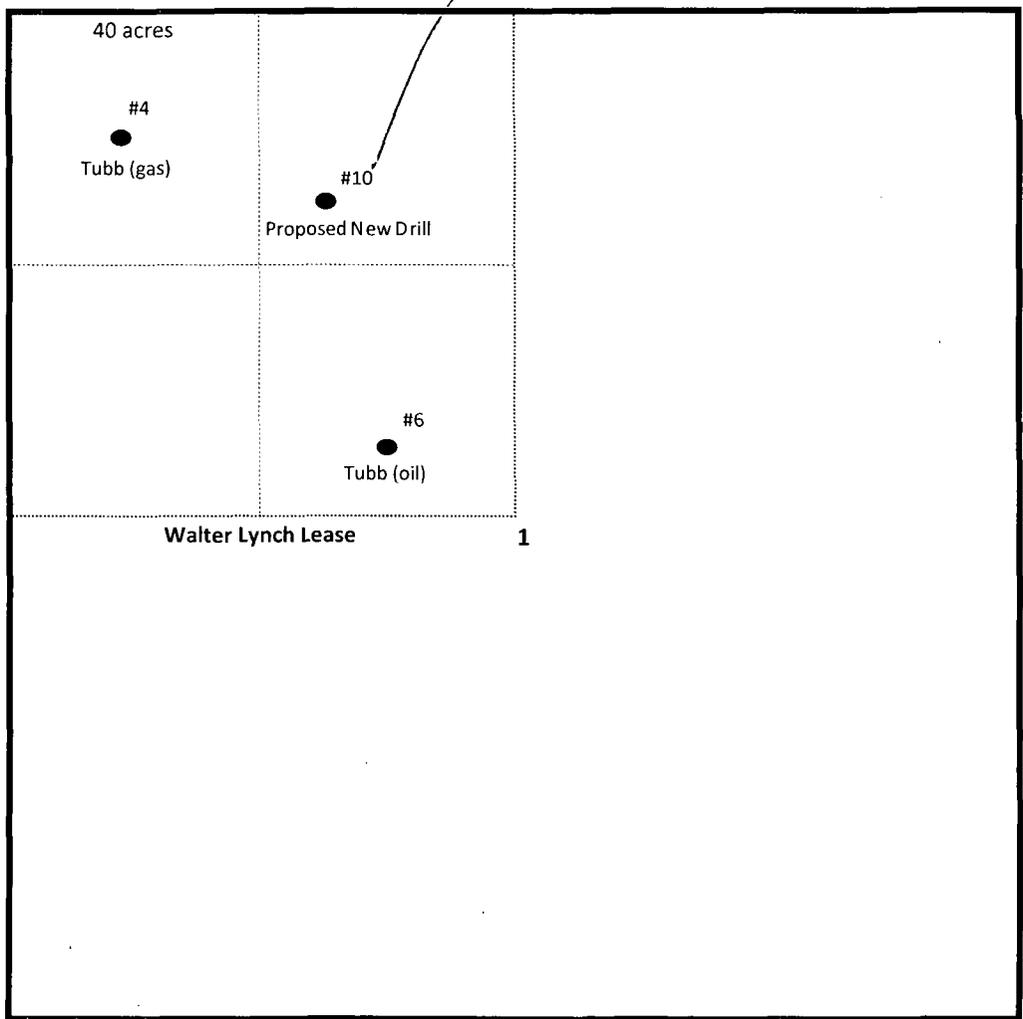


EXHIBIT A

Walter Lynch Lease
Non-Standard Proration Unit
Tubb Oil & Gas Pool
Section 1-T22S-R37E
Lea County, New Mexico
Scale: 1" = 1000'

Exhibit "C"

OFFSET OPERATORS

Township 21 South, Range 37 East:

Section 35:

SE/4

Oxy USA, Inc.

Attn: Robbie Abraham

5 Greenway Plaza, Suite 1100

Houston, TX 77046-0521

Section 36:

N/2SW/4, SW/4SW/4 and N/2SE/4:

Chesapeake Operating, Inc.

P.O. Box 18496

Oklahoma City, Ok 73154-0496

SE/4SW/4 and S/2SE/4:

Apache Corporation

Township 22 South, Range 37 East:

Section 1:

E/2:

Chevron U.S.A., Inc.

Attn: NOJV Group

1400 Smith Street

Houston, TX 77002

SW/4:

John H. Hendrix Corporation

110 N. Marienfield, Suite 400

Midland, TX 79701-4400

W/2SW/4:

Legacy Reserves Operating, L.P.

303 W. Wall Street, Suite 1400

Midland, TX 79701

Section 2:

E/2:

ExxonMobil Coporation

P.O. Box 4610

Houston, TX 77210



Central Region Land Department
(918) 491-4900
(918) 491-4854 (FAX)

December 28, 2009

OFFSET OPERATORS

RE: Administrative approval for
Non-Standard Gas Spacing Units
Township 22 South, Range 37 East;
Section 1: NW¼ (Walter Lynch Lease)
Lea County, New Mexico

Offset Operators,

This is to inform you as an offset operator that Apache Corporation ("Apache") has applied for administrative approval for several non-standard 40-acre gas well units, whether for oil or gas, in the Tubb Oil & Gas Pool. Producing characteristics for the Walter Lynch Well No. 6 has changed and said well is now producing as an oil well. However, the Walter Lynch Well No. 6 is currently producing as a gas well. Changing the spacing for this Lease to 40 acres will eliminate overlapping well units for oil and gas wells and will further eliminate the need to re-classify wells each time a well's GOR changes.

If you object to this application, you should file a written objection with the Oil Conservation Division's Santa Fe office within 20 days from the date of this letter. Otherwise, the application may be granted without further notice.

If you require additional information, please contact the undersigned at (918) 491-4838.

Sincerely,
APACHE CORPORATION

A handwritten signature in cursive script that reads "Michelle Hanson".

Michelle Hanson
Landman
(918) 491-4854 fax
Michelle.hanson@apachecorp.com