

|                       |          |                        |                         |                 |                                   |
|-----------------------|----------|------------------------|-------------------------|-----------------|-----------------------------------|
| DATE IN <i>1-7-10</i> | SUSPENSE | ENGINEER <i>Brooks</i> | LOGGED IN <i>1-7-10</i> | TYPE <i>NSP</i> | PGTW<br>APP NO. <i>1000755645</i> |
|-----------------------|----------|------------------------|-------------------------|-----------------|-----------------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED

7 PM 1 33

### ADMINISTRATIVE APPLICATION CHECKLIST

*APACHE*

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]**

*State C# Tract 13  
##589,10*

#### [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.

Michelle Hanson

*Michelle Hanson*

Landman

1/6/2010

Print or Type Name

Signature

Title

Date

Michelle.hanson@apachecorp.com  
e-mail Address



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

January 6, 2010

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

Dear Mr. Fesmire,

Apache Corporation respectfully requests administrative approval for several non-standard 40 acre gas well units in the Blinebry Oil and Gas Pool and Tubb Oil and Gas Pool. The following wells, located in the NW¼ of Section 36, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico (applicant's State C Tract 13 Lease), are involved in this application:

State C Tract 13 #5, located 1980 feet FNL and 660 feet FWL *E 30-025-07051* *only well on 40a*  
State C Tract 13 #8, located 990 feet FNL and 660 feet FWL – Currently Inactive *D*  
State C Tract 13 #9, located 1980 feet FNL and 1980 feet FWL *F 30-025-21311*  
State C Tract 13 #10, located 990 feet FNL and 1980 feet FWL – Currently Inactive *C*

A plat of the State C Tract 13 Lease, identifying the wells involved in this application, is attached as **Exhibit A**.

*Blinebry 0 to 6 Tubb 0 to 6*

The above wells produce from the Blinebry and Tubb formations, among other 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.

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:

|          | State C Tract 13 #5<br>(SW¼NW¼)                           | State C Tract 13 #9<br>(SE¼NW¼) |
|----------|-----------------------------------------------------------|---------------------------------|
| Blinebry | 160 acres (gas)<br>332,000 (YTD)<br>59,000 (latest month) | ----                            |

|      |                 |                |
|------|-----------------|----------------|
| Tubb | 160 acres (gas) | 40 acres (oil) |
|      | No oil          | 10,000         |

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 State C Tract 13 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:

|          |                            |                            |
|----------|----------------------------|----------------------------|
|          | <b>State C Tract 13 #5</b> | <b>State C Tract 13 #9</b> |
|          | <u>(SW¼NW¼)</u>            | <u>(SE¼NW¼)</u>            |
| Blinebry | 40 acres (gas)             | -----                      |
| 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 36 is marked **Exhibit B**. Notice was given to all operators by the letter attached as **Exhibit C**.

Interest ownership within the NW¼ of Section 36 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



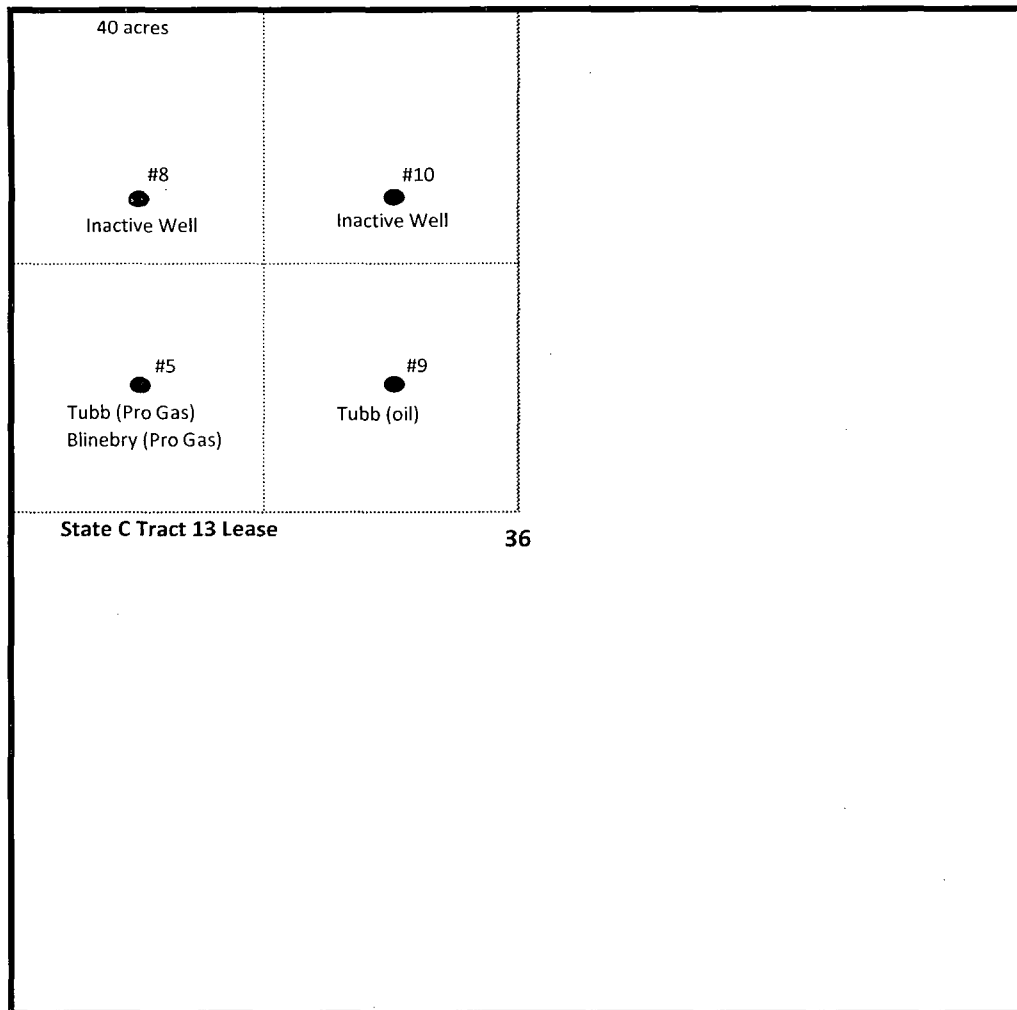
Michelle Hanson

Landman

(918) 491-4838 direct

(918) 491-4854 fax

[Michelle.hanson@apachecorp.com](mailto:Michelle.hanson@apachecorp.com)



**EXHIBIT A**



State C Tract 13 Lease  
Non-Standard Gas Proration  
Units  
Blinebry Oil & Gas Pool &  
Tubb Oil & Gas Pool  
Section 36-T21S-R37E  
Lea County, New Mexico  
Scale: 1" = 1000'

# Exhibit B

OFFSET OPERATORS

**Township 21 South, Range 37 East**

**Section 25:**

S/2SW/4: John H. Hendrix Corporation  
110 N. Marienfield, Suite 400  
Midland, TX 79701-4400

SW/4SE/4: Intrepid Operating Company Limited  
P.O. Box 3197  
Hobbs, NM 88241

**Section 26:**

SE/4SE/4: John H. Hendrix Corporation

**Section 35:**

E/2 NE/4: ConocoPhillips Company  
Attn: Tom Scarbrough  
P.O. Box 2197  
Houston, TX 77252-2197

NE/4 SE/4: Oxy USA, Inc.  
Attn: Robbie Abraham  
5 Greenway Plaza, Suite 1100  
Houston, TX 77046-0521

**Section 36:**

N/2 SW/4 &: Chesapeake Operating, Inc.  
NW/4 SE/4 P.O. Box 18496  
Oklahoma City, Ok 73154-0496

W/2 NE/4: Oxy USA, Inc.

# Exhibit C



6120 S. YALE / SUITE 1500 / TULSA, OKLAHOMA 74136

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

January 6, 2010

## OFFSET OPERATORS

RE: Administrative approval for  
Non-Standard Gas Spacing Units  
Township 21 South, Range 37 East;  
Section 36: NW¼ (State C Tract 13 Lease)  
Lea County, New Mexico

Offset Operators,

Enclosed is a copy of Apache Corporation's application, filed with the New Mexico Oil Conservation Division, seeking approval of non-standard 40-acre gas well units in the Blinbry Oil and Gas and Tubb Oil & Gas Pools for wells in the NW¼ of Section 36, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

If you object to the 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](mailto:Michelle.hanson@apachecorp.com)