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



Agache

Eugene Wood #164

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]

6156
Lea,

[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 _____

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[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

1/28/2010

Print or Type Name

Signature

Title

Date

Michelle.hanson@apachecorp.com
 e-mail Address

Application of Apache Corporation for administrative approval of
an unorthodox well location:

40 acres – 1399’ FNL & 1432’ FEL *Unit G*
Section 22, Township 22 South, Range 37 East, NMPM
Lea County, New Mexico

PRIMARY OBJECTIVES: Blinebry, Tubb, Drinkard and Abo

In support:

1. Apache Corporation (Apache) is the operator of the proposed **Eugene Wood #14** well (**Exhibit 1**).
2. Pool rules that apply to the proposed location are Blinebry Oil & Gas (oil), Tubb Oil & Gas (oil), Drinkard and Wantz; Abo. The proposed unorthodox location encroaches on spacing units 22A, 22B, 22G and 22H, which currently have seven (7) wells currently producing from one or more of the aforementioned zones (**Exhibit 1**). The cumulative and daily production values are displayed on **Exhibit 2**.

API					Cum thru 8-09	Daily
30025	Op.	Well	Loc	Pool	O/G/W	O/G/W
10420	Apache Corp	Eugene Wood #5	B	Blinebry Oil & Gas, Brunson; Ellenburger	236/950/76	1/9/1
10392	Apache Corp	Eugene Wood #7	A	Blinebry Oil & Gas, Tubb Oil & Gas, Drinkard	126/2195/41	1/17/1
10393	Apache Corp	Eugene Wood #8	B	Langlie Mattix; 7R-Q-G, Drinkard	181/1692/6	0/11/0
10394	Apache Corp	Eugene Wood #9	G	Blinebry Oil & Gas, Drinkard	68/1444/50	0/0/0
10395	Apache Corp	Eugene Wood #10	H	Langlie Mattix; 7R-Q-G, Blinebry Oil & Gas, Drinkard, Hare; Simpson	292/5207/64	1/13/1
38824	Apache Corp	Eugene Wood #11	G	Blinebry Oil & Gas, Tubb Oil & Gas, Drinkard	3/30/9	6/88/23
38812	Apache Corp	Eugene Wood #12	B	Blinebry Oil & Gas, Tubb Oil & Gas, Drinkard	6/60/10	9/151/22

MBO
MMCFG
MBW

BOPD
MCFGPD
BWPD

- The proposed Eugene Wood #14 location of 1399' from north line and 1432' from east line is based upon drainage considerations.

Location and Drainage

The proposed Eugene Wood #14 is a "true" 20 Acre infill location between existing Blinebry, Tubb and Drinkard producers. It is approximately equidistant from those wells and should encounter an undrained reservoir volume.

The following table provides drainage areas of the offset wells calculated from SophiH taken off contoured isopach maps or from log calculations.

		21S 37E		SophiH	Area	EUR	EUR
Oper.	Well	Loc	Reservoir	ft	ac	MBO	MMCFG
Apache	Eugene Wood #7	A	B-T-D	10	18.9	126	2195
Apache	Eugene Wood #8, #5, #12	B	B-T-D	5	42.7	142	2555
Apache	Eugene Wood #9, #11	G	B-T-D	5	29.5	98	1829
Apache	Eugene Wood #10	H	B-D	9	19.6	117	5027

Reserves for the proposed location were calculated by averaging the offset drainage areas and SophiH and applying it to the new location. Any competitive drainage is shared between the proposed well and the existing offset wells. The results are as follows:

				SophiH	Area	EUR	EUR
Oper.	Well	Loc	Reservoir	ft	ac	MBO	MMCFG
Apache	Eugene Wood #14	H	B-T-D	7.5	7.7	38.5	308

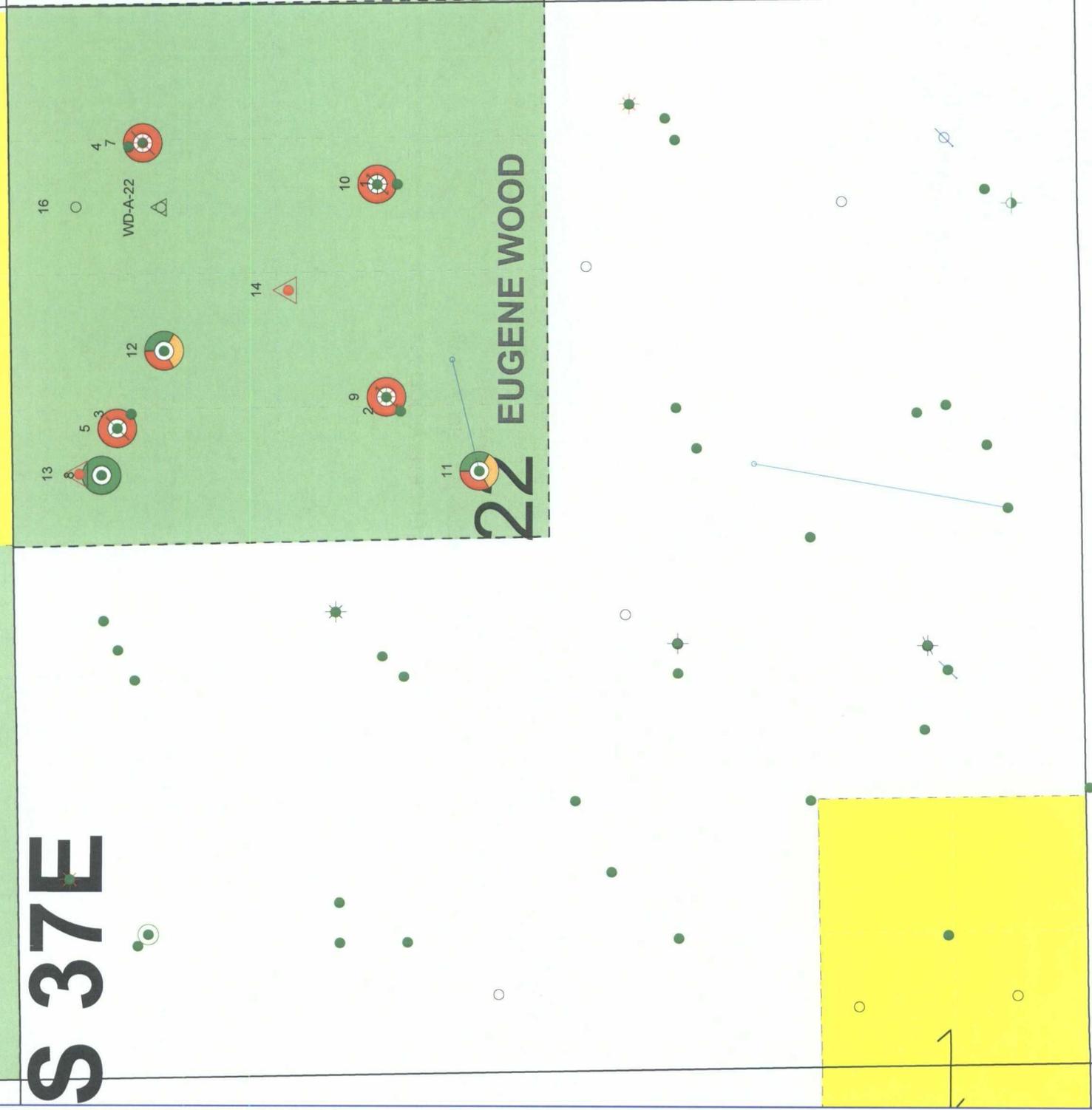
4. Notice

The proposed **Eugene Wood #14** only encroaches toward Apache operated Blinebry, Tubb and Drinkard wells. Therefore, no other parties need to be notified.

- Approval of this application will afford the interest owners in these spacing units an opportunity to recover oil and gas which would not otherwise be recovered and will do so without violating correlative rights.

S 37E

22 EUGENE WOOD



EUGENE WOOD #14

EXHIBIT 1 to NSL Application

1399' FNL & 1432' FEL

Sec 22-T22S-R37E, Lea Co., NM



POSTED WELL DATA

Well Number



ATTRIBUTE MAP



WELL SYMBOLS

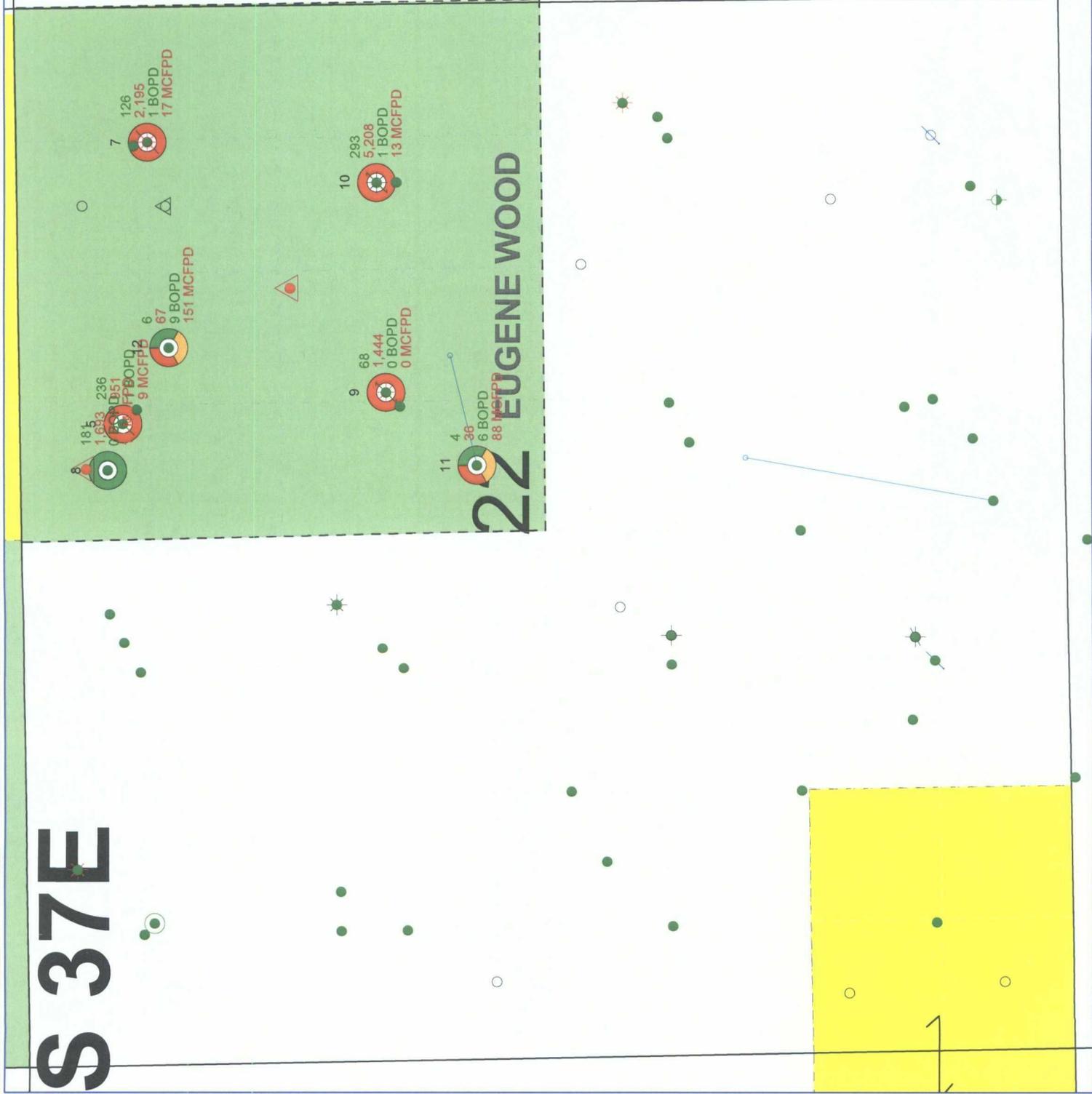
- Abandoned Well
- Dry Hole, With Show of Oil
- Dry Hole
- Gas Well
- Injection Well Location
- Proposed Drilling Location
- Oil & Gas Well
- Oil Well
- Active Producer
- Shut In Oil Well
- Temporarily Abandoned Oil Well
- Service Well

By: Michelle Hanson

January 28, 2010

S 37E

22 EUGENE WOOD



EUGENE WOOD #14

EXHIBIT 2 to NSL Application

1399' FNL & 1432' FEL

Sec 22-T22S-R37E, Lea Co., NM



POSTED WELL DATA

Well Number

WELL - OIL/GAS (REG S)
WELL - OIL/GAS (REG T)
WELL - OIL/GAS (REG 7)
WELL - OIL/GAS (REG 8)
WELL - OIL/GAS (REG 9)

ATTRIBUTE MAP



WELL SYMBOLS

- Abandoned Well
- Dry Hole, With Show of Oil
- Dry Hole
- Gas Well
- Injection Well
- Location
- Proposed Drilling Location
- Oil & Gas Well
- Oil Well
- Active Producer
- Shut In Oil Well
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- Service Well

By: Michelle Hanson

January 28, 2010

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, February 10, 2010 2:32 PM
To: 'Hanson, Michelle'
Subject: Eugene Wood Well #19; NSL Application

Dear Ms. Hanson

This appears to be another application for a well location that encroaches toward the center of a quarter section (in this case the NE/4 of Section 22-22S-37E) in a 40-acre spacing pattern, and therefore affects all four spacing units in the quarter section.

As in the previous, similar applications, you have stated that Apache operates all of the affected acreage.

Please specifically confirm, if this is the case, that working interest ownership is identical in the Blinebry, Tubb Drinkard and Abo formations throughout the NE/4 of Section 22.

Thanks

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Hanson, Michelle [Michelle.Hanson@apachecorp.com]
Sent: Wednesday, February 10, 2010 3:29 PM
To: Brooks, David K., EMNRD
Subject: Re: Eugene Wood Well #14; NSL Application

Hi David,

Just so you are aware, I will be sending a supplement NSL application for the Eugene Wood #14 to include the Wantz; Granite Wash formation. As for the Blinebry, Tubb, Drinkard and Abo (and Granite Wash) zones, Apache owns 100% leasehold interest in the entire NE/4 of Section 22-T22S-R37E.

Thank you,

Sent via Blackberry

Michelle Hanson
Landman
Apache Corporation
6120 S. Yale, Suite 1500
Tulsa, OK 74136
918.491.4838
918.491.4854 Fax
Michelle.hanson@apachecorp.com

From: Brooks, David K., EMNRD <david.brooks@state.nm.us>
To: Hanson, Michelle
Sent: Wed Feb 10 15:32:10 2010
Subject: Eugene Wood Well #19; NSL Application
Dear Ms. Hanson

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Thanks

David K. Brooks
Legal Examiner

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DATE IN <u>2-16-10</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>2-16</u>	TYPE <u>NSL</u>	APP NO. <u>1004755264</u>
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 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Apache
Eugene Wood #14

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- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
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 NSL NSP SD
 *Amendment to include Wantz; Granite Wash zone.
 Check One Only for [B] or [C]
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 DHC CTB PLC PC OLS OLM
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Michelle Hanson		Landman	2/15/2010
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)

February 15, 2010

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

Dear Mr. Fesmire,

Apache Corporation ("Apache") respectfully requests administrative approval to add the **Wantz; Granite Wash** zone to Apache's previously submitted NSL application (submitted January 28, 2010) for the Eugene Wood #14 well. The proposed well is to be located at a surface and bottom hole location of 1399' FNL & 1432' FEL of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico.

Currently, there is no Granite Wash production on the Eugene Wood Lease, covering the NE/4 of said Section-Township-Range.

Apache owns 100% leasehold interest as to the Granite Wash formation in the entire NE/4 of said Section-Township-Range. Therefore, no other parties have been notified.

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

Sincerely,
APACHE CORPORATION

A handwritten signature in black ink that reads "Michelle Hanson". The signature is written in a cursive, flowing style.

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