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ABOVE THIS LINE FOR DIVISION USE ONLY

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



Apache
RECEIVED OOD
Grijal #18
FEB 2 A 9:59

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]

Feb
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 _____

[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.

David Catanach
Print or Type Name

David Catanach
Signature

Agent for Apache Corporation
Title

2/2/11
Date

drcatanach@netscape.com
E-Mail Address

February 2, 2011

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Daniel Sanchez
Acting Division Director

Re: Unorthodox Well Location
Grizzell No. 18
API No. (N/A)
467' FSL & 1308' FEL, Unit P
Section 8, T-22 South, R-37 East, NMPM,
Lea County, New Mexico

Dear Mr. Sanchez:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed Grizzell No. 18. This well will be drilled as a development oil well in the Blinebry Oil & Gas Pool (Oil-6660), Tubb Oil & Gas Pool (Oil-60240) and Drinkard Pool (Oil-19190).

In the Blinebry Oil & Gas Pool and the Drinkard Pool, the Grizzell No. 18 will be dedicated to an existing 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of Section 8. This unit is currently dedicated in the Blinebry Oil & Gas and Drinkard Pools to the Apache Corporation Grizzell Well No. 8 (API No. 30-025-10116) located at a standard well location 990 feet from the South line and 330 feet from the East line of Section 8.

In the Tubb Oil & Gas Pool the well will be dedicated to a standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of Section 8

The Blinebry and Tubb Oil & Gas Pools are currently governed by the General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry and Tubb Oil & Gas Pools as established by Order No. R-8170, as amended. These rules require standard 160-acre gas spacing and proration units and 40-acre oil spacing and proration units. The setback requirement for oil wells and gas wells to which no more than 40 acres is dedicated is 330 feet to the outer boundary of the spacing unit.

The Drinkard Pool is subject to Division Rule 19.19.15.9.

The Grizzell No. 18 is being drilled at a 20-acre infill location in order to recover remaining oil and gas reserves underlying the S/2 SE/4 of Section 8. Although the SW/4 SE/4 of Section 8 has not yet been developed in the Blinebry and Tubb Oil & Gas and Drinkard Pools, Apache anticipates drilling a well on that tract in the near future.

Due to drainage considerations, a well at the proposed location should recover additional oil and gas reserves from the target reservoirs that will otherwise not be drained by the existing well(s), thereby preventing waste.

In support of the application, the following tables show drainage areas, estimated ultimate oil and gas recoveries, cumulative oil and gas production (as of 10/2010) and current daily oil and gas producing rates for the Grizzell No. 8 and for additional offset wells located in Unit I of Section 8. (Note: drainage areas were calculated from SophiH taken off contoured isopach maps or from log calculations.)

Operator	Well Name	Unit	Reservoir	SophiH (Ft)	Area (Acres)	EUR (MBO)	EUR (MMCFG)
Apache	Grizzell 6 & 17	I	Blinebry/Tubb/Drinkard	6	37	148	4,489
Apache	Grizzell No. 8	P	Blinebry/Drinkard	6.5	58.7	254	3,166

Operator	Well Name	Unit	Reservoir	Cum Oil (MBO)	Cum Gas (MMCFG)	Daily Oil (Bbls)	Daily Gas (MCFG)
Apache	*Grizzell No. 6	I	Blinebry/Tubb/Drinkard	5.4	284.13	2.0	2.03
Apache	Grizzell No. 8	P	Blinebry/Drinkard	36.23	742.25	4.2	56
Apache	Grizzell No. 17	I	Blinebry/Tubb/Drinkard	9.5	104.3	2.7	149

(*Cumulative production figures for the Grizzell No. 6 include Blinebry, Tubb and Drinkard intervals. Daily current production is from the Tubb only.)

Utilizing the average offset drainage areas and SophiH and applying it to the proposed location for the Grizzell No. 18 results in an estimated recovery of 40 MBO and 4,000 MMCF of gas from the Blinebry, Tubb and Drinkard reservoirs.

The affected offset acreage in the Blinebry and Tubb Oil & Gas Pools and the Drinkard Pool is the SW/4 SE/4 of Section 8. This affected offset acreage is operated by Apache and is contained within the commonly-owned Grizzell lease. Consequently, notice of this application is not required.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Blinebry, Tubb and Drinkard formations underlying the SE/4 SE/4 of Section 8 that may otherwise not be recovered by the existing producing well, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Apache Corporation
6120 S. Yale, Suite 1500
Tulsa, Oklahoma 74136

Xc: OCD-Hobbs

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 6660; 60240; 19190	Pool Name Blinebry (Oil), Tubb (Oil) & Drinkard
Property Code	Property Name GRIZZELL	Well Number 18
OGRID No.	Operator Name APACHE CORPORATION	Elevation 3402'

Surface Location

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
P	8	22-S	37-E		467	SOUTH	1308	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p style="text-align: center;">GEODEIC COORDINATES NAD 27 NME SURFACE LOCATION</p> <p style="text-align: center;">Y=511254.9 N X=855868.5 E</p> <p style="text-align: center;">LAT.=32.400279° N LONG.=103.180347° W</p> <p style="text-align: center;">LAT.=32°24'01" N LONG.=103°10'49" W</p>	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p>
	<p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p style="text-align: center;">DECEMBER 17, 2010</p> <p>Date Surveyed _____ DSS</p> <p>Signature & Seal of Professional Surveyor</p> <p style="text-align: center;"><i>Ronald J. Eidson</i> 01/07/2011 10.11.1853</p>
	<p style="text-align: center;">Certificate No. GARY G. EIDSON 12841 RONALD J. EIDSON 3239</p>