

DATE IN	SI	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET 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:

- [NSP-Non-Standard Location] [NSL-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

SEP 11 2001

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

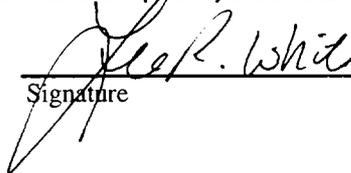
- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application if One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State 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.

Lee R. White
 Print or Type Name


 Signature

Engineering Manager
 Title

9/10/2001
 Date

Lee.White@Apachecorp.com
 e-mail Address

September 10, 2001

Attn: David Catanach
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Administrative Order PC-55
State C Tract 12 Lease
Section 16, T-21S, R-37E
Lea County, New Mexico**

As per your letter dated August 27, 2001, Apache Corporation submits for your review the following information regarding our request for administrative approval of an amendment of the referenced Surface Commingling Permit.

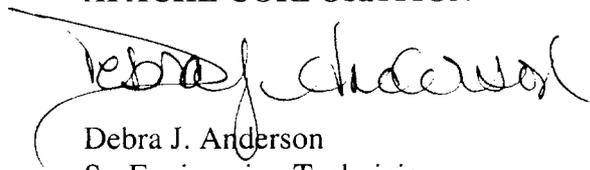
- 1) One original Administrative Application Checklist was attached to the package submitted on August 16th, which included an original and two copies of the entire application. I have attached new Administrative Application Checklists and I will attach the checklist to each copy of future applications.
- 2) All gas produced will be commingled at the State C Tract 12 lease facility separators then transported through the gas sales line to Sid Richardson
- 3) See attached tabulation of wells indicating current gas producing rates for the commingled wells. Please note that I have corrected No. 4 to include the Tubb pool and No. 7 to change the Blinebry to Oil & Gas pool and add the Drinkard pool

- 4) Well No. 4 and No. 6Y are downhole commingled. See attached tabulation of wells for Downhole Commingling Permit numbers

If you have any questions or need additional information, please contact me at 713-296-6338. Thank you.

Sincerely,

APACHE CORPORATION

A handwritten signature in black ink, appearing to read "Debra J. Anderson", is written over a horizontal line.

Debra J. Anderson
Sr. Engineering Technician

Attachments

cc: State of New Mexico
Oil Conservation Division
District I
1625 N. French Drive
Hobbs, New Mexico 88240

**STATE C TRACT 12 LEASE
PENROSE SKELLY; GRAYBURG
BLINEBRY / TUBB / DRINKARD**

<u>Well No.</u>	<u>Pool</u>	<u>Status</u>	<u>Avg. BOPD</u>	<u>Avg. MCFD</u>	<u>API Gravity</u>
3	Penrose Skelly; Grayburg ✓	Shut-In	0	0	
4	Blinebry ✓	Active	4	130	36.7
DHC-434	Tubb	Active	3	121	36.7
	Drinkard ✓	Active	1	67	36.7
6Y	Blinebry ✓	Active	1	93	36.7
DHC-661	Tubb (Pro Gas)	Active	0	86	
	Drinkard ✓	Active	1	48	36.7
7	Blinebry ✓	Active	0.5	11	36.7
DHC-17	Drinkard ✓	Active	0.5	11	36.7
8	Penrose Skelly; Grayburg ✓	Active	51	253	37.9



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

August 27, 2001

Apache Corporation
2000 Post Oak Blvd.
Suite 100
Houston, Texas 77056-4400

Attention: Ms. Debra J. Anderson

Re: Surface Commingling Application
Amend Order No. PC-55
State "C" Tract 12 Lease
Section 16, T-21 South, R-37 East, NMPM,
Lea County, New Mexico

Dear Ms. Anderson:

This letter acknowledges the receipt of your administrative application dated August 16, 2001, to amend Division Order No. PC-55 to add the Penrose Skelly Grayburg Pool on the State "C" Tract 12 Lease. The Division received your application on August 21, 2001.

Our preliminary review indicates that the information provided in the application is not sufficient to process the administrative order. The following information is necessary:

- a) **Administrative Application Checklist (enclosed)**
- b) **Is the gas production going to be commingled?**
- c) **What is the current gas producing rates for the Blinebry & Tubb Gas Pools in Wells No. 6Y and 7?**
- d) **Are Wells No. 4 and 6Y downhole commingled?**

Since the submitted information is insufficient to review, the application was **Ruled Incomplete** on August 27, 2001. Please submit the above stated information by September 3, 2001.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the division will continue to process your application. The additional information can be faxed, or mailed to the Division. If the necessary information is not submitted, your application will be returned to you.

Administrative Application Letter
Apache Corporation
August 27, 2001

If you have any questions, please contact me in Santa Fe, at (505) 476-3466.

Sincerely,

A handwritten signature in black ink, appearing to read "David Catanach". The signature is written in a cursive style with a long horizontal flourish extending to the right.

David Catanach
Petroleum Engineer

Administrative Application Letter
Apache Corporation
August 27, 2001

If you have any questions, please contact me in Santa Fe, at (505) 476-3466.

Sincerely,

A handwritten signature in black ink, appearing to read "David Catanach". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David Catanach
Petroleum Engineer

DATE 8/21/01	ENGINEER [REDACTED]	DC	LOGGED IN KV	TYPE PC	APP NO. 123456629
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AMEND

#55

ABOVE THIS LINE FOR DIVISION USE ONLY

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

ADMINISTRATIVE APPLICATION COVERSHEET

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 NSL NSP SD
- Check One Only for [B] or [C]
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 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 if 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.

OCT 18 2001 11:12:57
 DIVISION OF OIL & GAS

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Lee R. White
 Print or Type Name

Lee R. White
 Signature

Engineering Manager
 Title

8/16/2001
 Date

Lee.White@Apachecorp.com
 e-mail Address

August 16, 2001

Attn: David Catanach
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Administrative Order PC-55
State C Tract 12 Lease
Section 16, T-21S, R-37E
Lea County, New Mexico**

Apache Corporation requests an amendment of the referenced Surface Commingling Permit to include the currently producing pools and add the Penrose Skelly; Grayburg pool. Apache is developing Grayburg production in addition to existing Blinbry, Tubb and Drinkard production. The original Surface Commingling permit included the Eumont gas pool, which is no longer active on this lease. The mineral rights are held by the State of New Mexico and working interest is owned by Apache Corporation – 100%

To support this request we have attached the following:

- 1) Tabulation of wells indicating the current pool, average daily production rates and API gravity of each pool
- 2) The estimated sum of commingled production from all five wells is 50-60 BOPD and expected gravity is 37.1. The value of commingled production will not be decreased by adding the Penrose Skelly; Grayburg pool. Allocation of production from each pool will be based on monthly well tests
- 3) Production Facilities diagram
- 4) Plat of State C Tract 12 Lease which consists of NW/4 of Section 16 T-21S, R-37E

- 5) Copy of letter sent to the State of New Mexico – Land Commissioner requesting their concurrent permission to amend the referenced surface commingle

If you have any questions regarding this application, please contact me at 713-296-6338. Thank you.

Sincerely,

APACHE CORPORATION



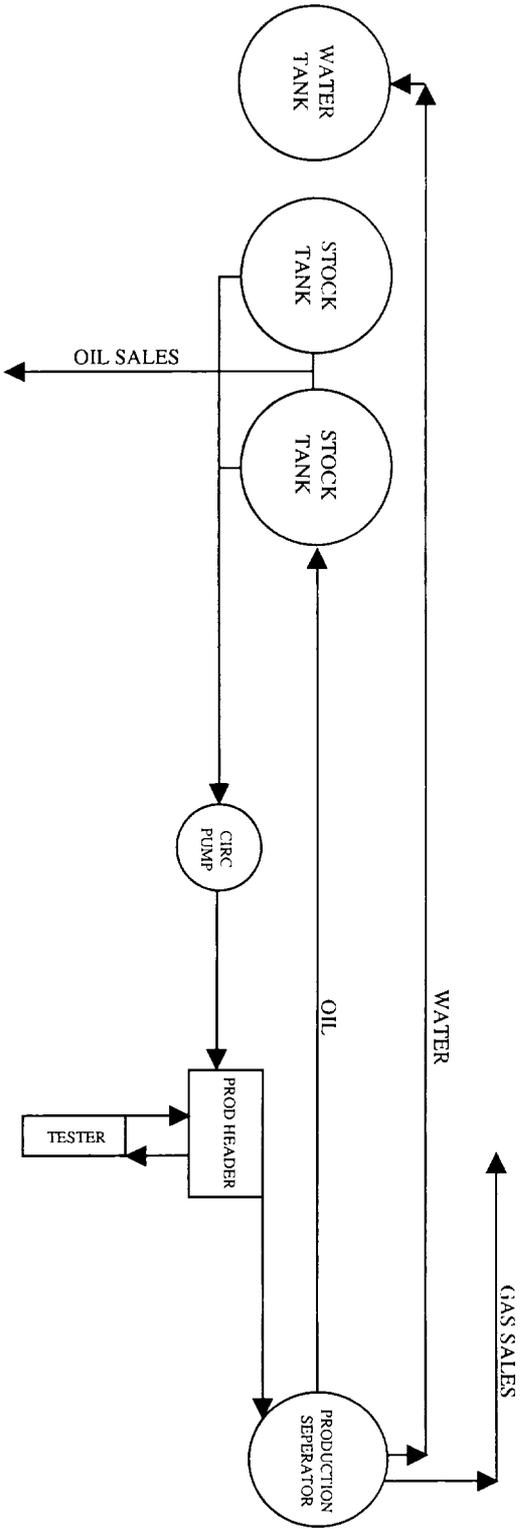
Debra J. Anderson
Sr. Engineering Technician

Attachments

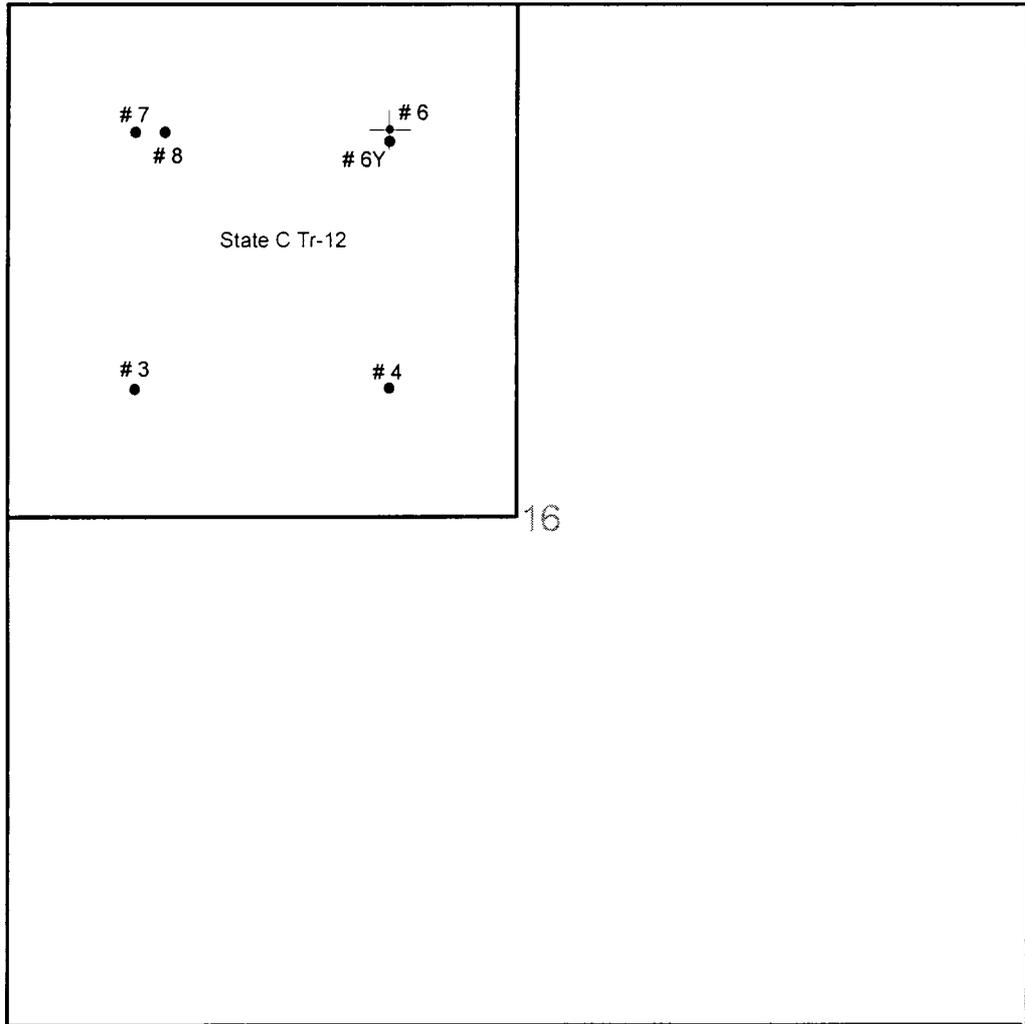
cc: State of New Mexico
Oil Conservation Division
District I
1625 N. French Drive
Hobbs, New Mexico 88240

**STATE C TRACT 12 LEASE
PENROSE SKELLY; GRAYBURG
BLINEBRY / TUBB / DRINKARD**

<u>Well No.</u>	<u>Pool</u>	<u>Status</u>	<u>Avg. BOPD</u>	<u>API Gravity</u>
30-025-06625 3	Penrose Skelly; Grayburg ✓	Shut-In	0	
06626	Blinebry ✓	Active	4	36.7
	Drinkard ✓	Active	1	36.7
06628	Blinebry ✓	Active	1	36.7
6Y	Tubb (Pro Gas)	Active	0	
	Drinkard ✓	Active	1	36.7
06629	Blinebry (Pro Gas) ✓	Active	0	
7				
35515	Penrose Skelly; Grayburg ✓	Active	51	37.9



APACHE CORPORATION
 STATE C TRACT 12 LEASE FACILITIES
 UNIT F, SECTION 16, T-21S, R-37E
 LEA COUNTY, NEW MEXICO



APACHE CORPORATION
STATE C TRACT 12 LEASE
NW/4
SEC 16 / T-21S / R-37E
LEA COUNTY, NEW MEXICO

2000 POST OAK BOULEVARD / SUITE 100 / HOUSTON, TEXAS 77056-4400



August 16, 2001

WWW.APACHECORP.COM
(713) 296-6000

State of New Mexico
Office of Land Commissioner
P O Box 1148
Santa Fe, New Mexico 87504-1148
Certified Receipt # 7000-2870-0000-2222-6802

**Re: Administrative Order PC-55
State C Tract 12 Lease
Section 16, T-21S, R-37E
Lea County, New Mexico**

Attached please find an application to amend the referenced Surface Commingling Permit. This amendment seeks to remove the Eumont gas pool, which is no longer active on this lease, and include the Penrose Skelly; Grayburg pool which Apache is actively developing. Production from the Blinbry, Tubb and Drinkard is currently being commingled at the State C Tract 12 surface facilities. Adding the referenced pool will not decrease the value of commingled production.

If you have any questions regarding this application, please contact me at 713-296-6338. Thank you.

Sincerely,

APACHE CORPORATION

A handwritten signature in black ink, appearing to read "Debra J. Anderson", written over a horizontal line.

Debra J. Anderson
Sr. Engineering Technician

Attachment

cc: New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766

ADMINISTRATION
Phone (505) 827-5700
Fax (505) 827-5853

GENERAL COUNSEL
Phone (505) 827-5713
Fax (505) 827-4262

PUBLIC AFFAIRS
Phone (505) 827-1245
Fax (505) 827-5766

PC-55

COMMERCIAL RESOURCES
Phone (505) 827-5724
Fax (505) 827-6157

MINERAL RESOURCES
Phone (505) 827-5744
Fax (505) 827-4739

ROYALTY MANAGEMENT
Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES
Phone (505) 827-5793
Fax (505) 827-5711

NEW MEXICO OIL CONSERVATION DIV.
AUG 24 PM 12:56
New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.

August 22, 2001

Apache Corporation
2000 Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400

Attn: Ms. Debra J. Anderson

Re: Surface Commingling Application
State C Tract 12 Lease Well Nos. 3, 4, 6Y, 7, 8
NW/4, Section 16-21S-37E
Penrose Skelly; Grayburg, Blinebry, Tubb and Drinkard Pools
Lea County, New Mexico

Dear Ms. Anderson :

Your application to surface commingle the Penrose Skelly; Grayburg, Blinebry, Tubb and Drinkard production at the State C Tract 12 surface facilities was received on August 20, 2001.

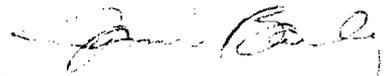
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for surface commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 dollar filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS


BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
Enclosure
xc: Reader File

OCD--Attention: David Catanach

***New Mexico Oil Conservation Division---Engineering Bureau
Administrative Application Process Documentation***

Date Application Received: 8/21/01

Date of Preliminary Review: 8/27/01
(Note: Must be within 10-days of received date)

Results: _____ Application Complete X Application Incomplete

Date Incomplete Letter Sent: 8/27/01

Deadline to Submit Requested Information: 9/3/01

Phone Call Date: _____
(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed? _____ Yes _____ No

Date Application Processed: _____

Date Application Returned: _____
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)