

DATE IN		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

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 _____

SEP 11 2001

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

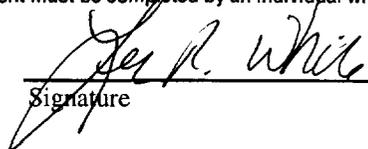
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application if One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, 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-427
State DA Lease
Section 16, T-21S, R-37E
Lea County, New Mexico**

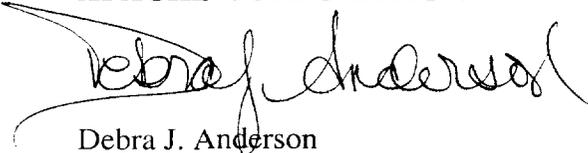
As per your letter dated August 28, 2001, Apache Corporation submits for your review the following information regarding our request for administrative approval of an amendment of the referenced Surface Commingling Permit.

- 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 DA lease facility separators then transported through the gas sales line to Duke Energy
- 3) See attached tabulation of wells indicating current gas producing rates for the commingled wells
- 4) Well No. 4 is downhole commingled. See attached tabulation of wells for Downhole Commingling Permit number

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". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

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 DA LEASE
PENROSE SKELLY; GRAYBURG
BLINEBRY / DRINKARD**

<u>Well No.</u>	<u>Pool</u>	<u>Status</u>	<u>Avg. BOPD</u>	<u>Avg. MCFD</u>	<u>API Gravity</u>
1	Blinebry	Active	6	59	36.7
2	Blinebry	Active	5	80	36.7
3	Blinebry	Active	2	73	36.7
4	Blinebry (Pro Gas)	Active	0	24	
DHC-2179	Drinkard	Active	1	11	36.7
5	Penrose Skelly; Grayburg	Shut-In	0		
6	Penrose Skelly; Grayburg	Active	8	86	37.9
7	Penrose Skelly; Grayburg	Active	16	172	37.9

DATE: 8/21/01	ENGINEER: DC	LOGGED IN: W	TYPE: AMEND PC #427	APP. NO.: 123538161
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NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION COVERSHEET

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01 AUG 2001 11:12:57
 NEW MEXICO OIL CONSERVATION DIVISION

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

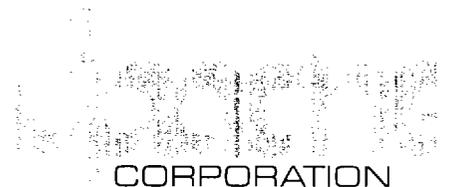
Lee R. White
 Print or Type Name

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-427
State DA 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 and Drinkard production. The original Surface Commingling permit included the Tubb O&G (Pro 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 seven wells is 25-30 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 DA Lease which consists of N/2 of S/2 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

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

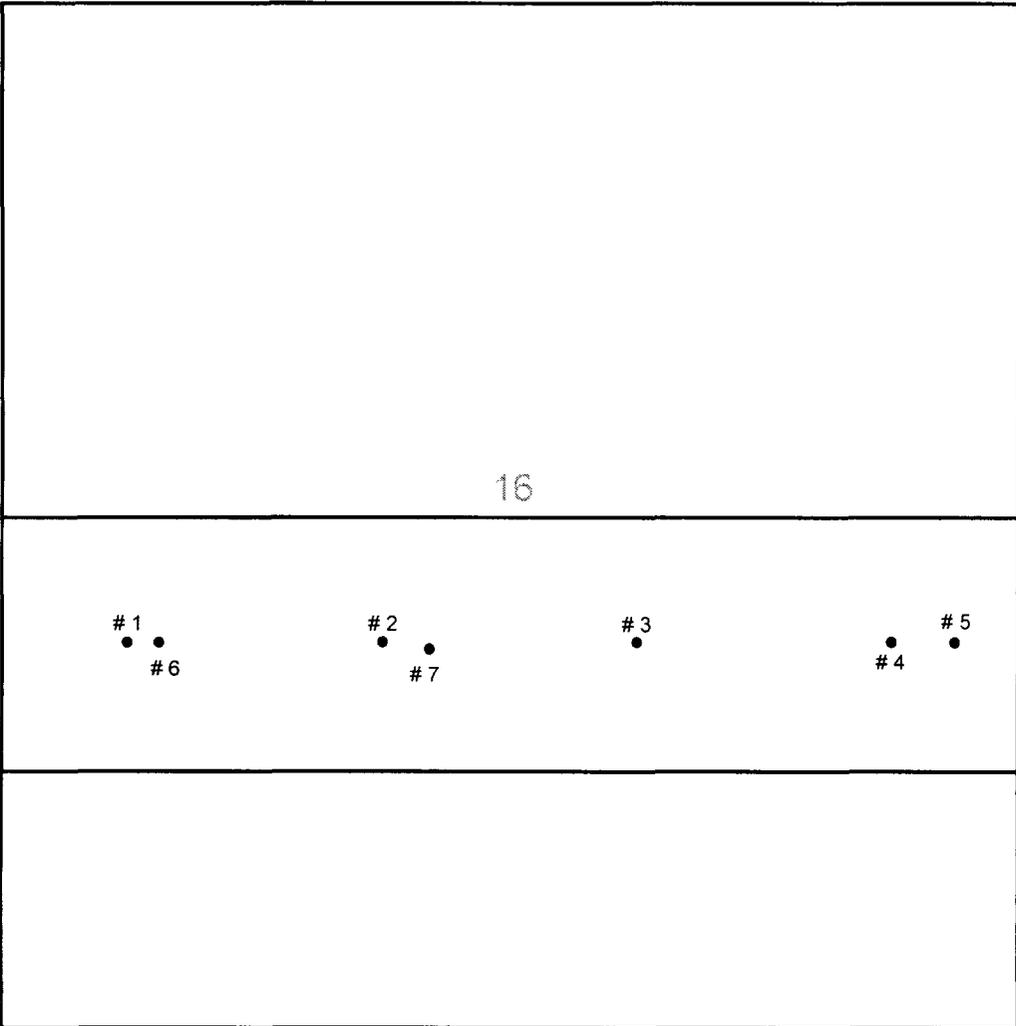
Debra J. Anderson
Sr. Engineering Technician

Attachments

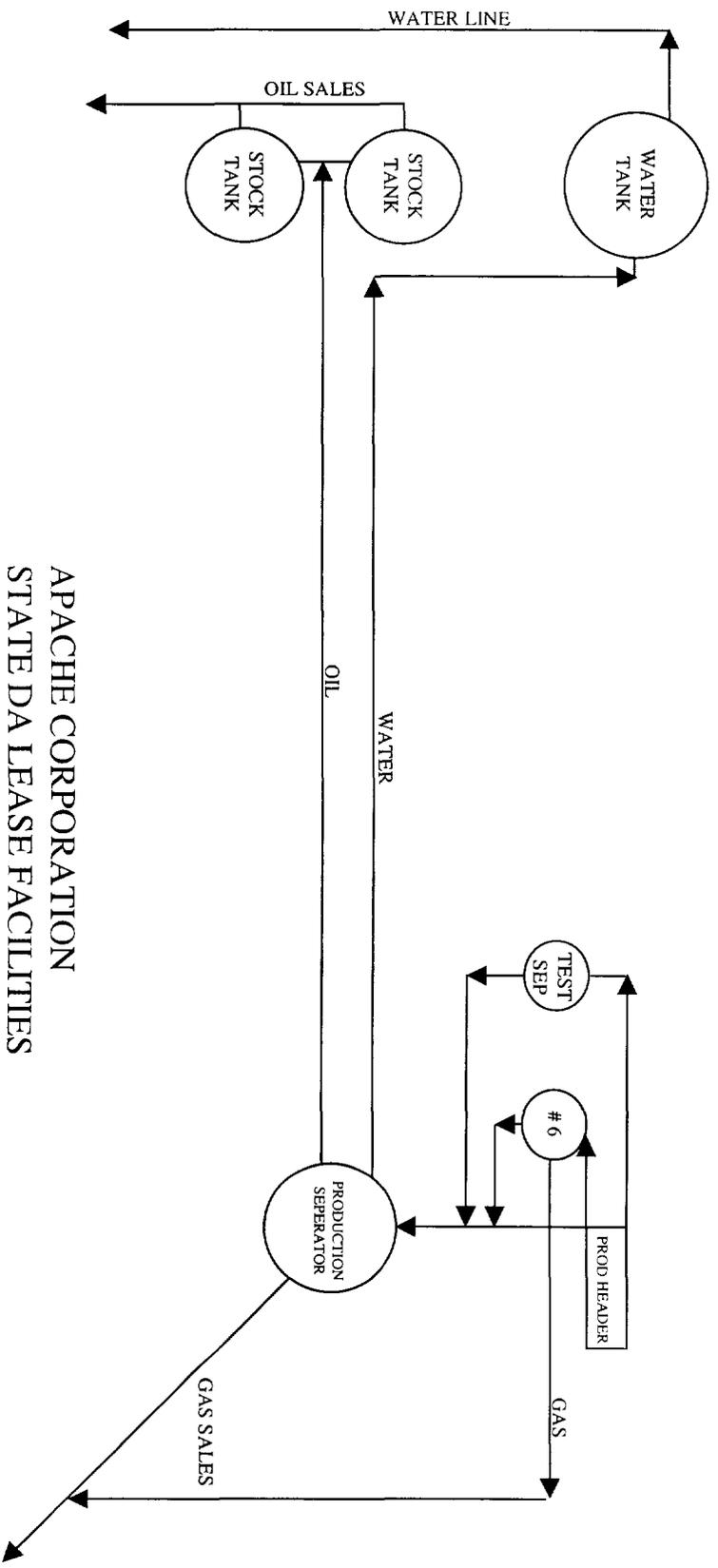
cc: State of New Mexico
Oil Conservation Division
District I
1625 N. French Drive
Hobbs, New Mexico 88240

**STATE DA LEASE
PENROSE SKELLY; GRAYBURG
BLINEBRY / DRINKARD**

<u>Well No.</u>	<u>Pool</u>	<u>Status</u>	<u>Avg. BOPD</u>	<u>API Gravity</u>
30-025-06615 1	Blinebry	Active	6	36.7
06616 2	Blinebry	Active	5	36.7
06618 3	Blinebry	Active	2	36.7
06619 4	Blinebry (Pro Gas) Drinkard	Active Active	0 1	36.7
06617 5	Penrose Skelly; Grayburg	Shut-In	0	
34245 6	Penrose Skelly; Grayburg	Active	8	37.9
35516 7	Penrose Skelly; Grayburg	Active	8	37.9



APACHE CORPORATION
STATE DA LEASE
N/2 of S/2
SEC16 / T-21S / R-37E
LEA COUNTY, NEW MEXICO



APACHE CORPORATION
 STATE DA LEASE FACILITIES
 UNIT L, SECTION 16, T-21S, R-37E
 LEA COUNTY, NEW MEXICO



August 16, 2001

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

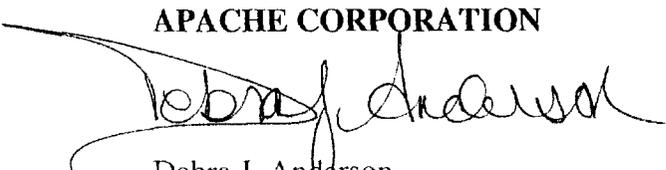
**Re: Administrative Order PC-427
State DA Lease
Section 16, T-21S, R-37E
Lea County, New Mexico**

Attached please find an application to amend the referenced Surface Commingling Permit. This amendment seeks to remove the Tubb O&G (Pro 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 Blinebry and Drinkard is currently being commingled at the State DA 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



Debra J. Anderson
Sr. Engineering Technician

Attachment

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

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

Date Application Received: 2/21/01

Date of Preliminary Review: 2/28/01
(Note: Must be within 10-days of received date)

Results: _____ Application Complete Application Incomplete

Date Incomplete Letter Sent: 2/28/01

Deadline to Submit Requested Information: 3/4/01

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)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

August 28, 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-427
State "DA" 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-427 to add the Penrose Skelly Grayburg Pool on the State "DA" 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 commingled wells?**
- d) **Is Well No. 4 downhole commingled?**

Since the submitted information is insufficient to review, the application was **Ruled Incomplete** on August 28, 2001. Please submit the above stated information by September 4, 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 28, 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 large initial "D" and a long, sweeping underline.

David Catanach
Petroleum Engineer