

DATE IN	8/21/01	STATE	ENGINEER	DC	LOGGED IN	AMEND	TYPE	PC	APP NO.	123538409
								#981		

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]

OIL CONSERVATION DIV.  
 AUG 21 PM 12:57

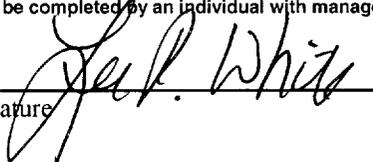
- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]  
 [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
- Check One Only for [B] or [C]  
 [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced 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 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

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-981  
Owen 'B' Lease  
Sec. 34, T21S, R37E  
Lea County, New Mexico**

Apache Corporation request an amendment of the referenced Surface Commingling Permit to include the currently producing pools and add the Eunice; San Andres pool. Apache is developing San Andres production in addition to existing Penrose Skelly; Grayburg, Blinebry O&G, Blinebry (Pro Gas), Tubb O&G, Tubb (Pro Gas), Drinkard and Wantz Abo production. Working Interest is owned by Apache Corporation – 100%

To support this request we have attached the following:

- 1) Tabulation of wells indicating the current producing pool, average daily production rates and API gravity of each pool.
- 2) The estimated sum of commingled production from all seven wells is 50-60 BOPD and expected gravity is 37.8. The value of the commingled production will not be decreased by adding the Eunice; San Andres pool. Allocation of production from each pool will be based on monthly well tests.
- 3) Production Facilities diagram
- 4) Plat of Owen 'B' lease

5) Copy of letter sent to Royalty Interest Owners and list of same.

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". The signature is written in a cursive style with a long horizontal stroke extending to the left.

Debra J. Anderson  
Sr. Engineering Technician

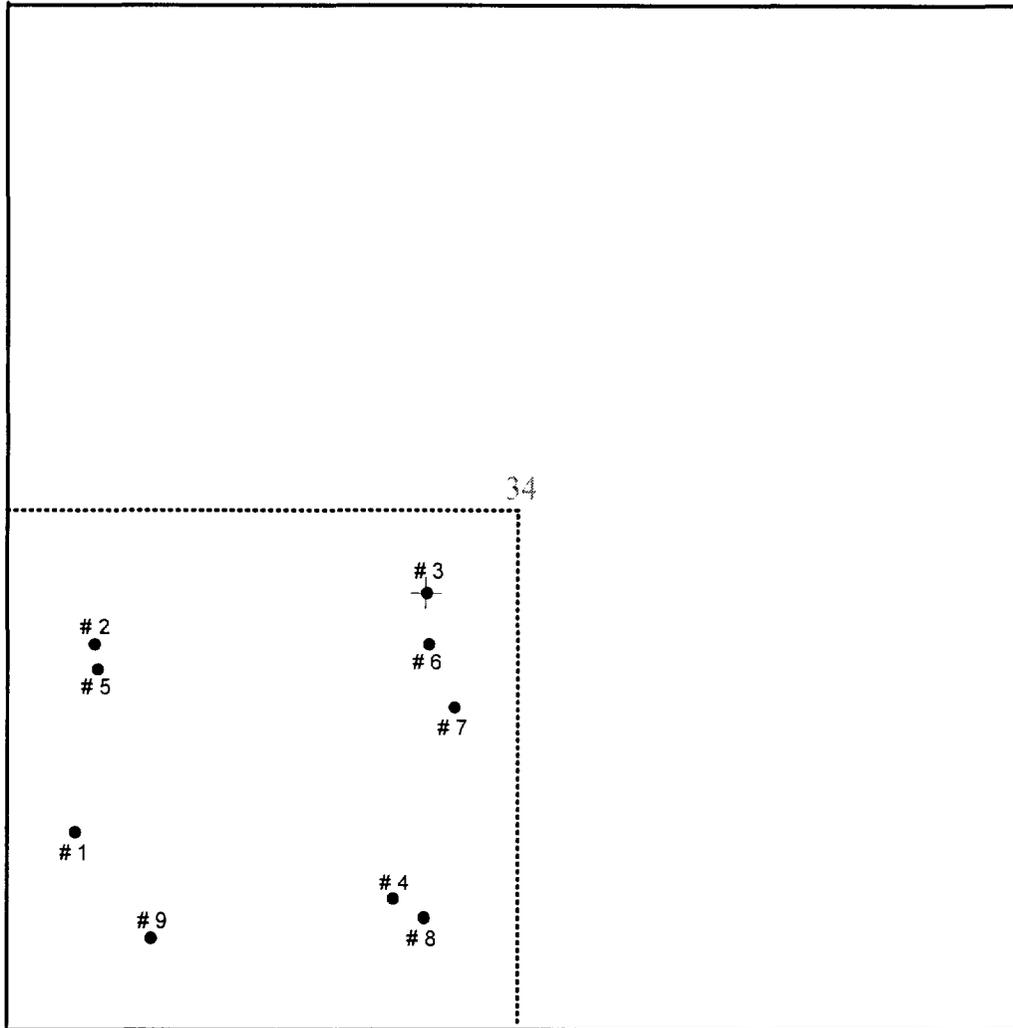
Attachments

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

**OWEN 'B' LEASE  
PENROSE SKELLY; GRAYBURG / EUNICE; SAN ANDRES  
BLINEBRY / TUBB / DRINKARD / WANTZ ABO**

<u>Well No.</u>	<u>Pool</u>	<u>Status</u>	<u>Avg. BOPD</u>	<u>API Gravity</u>
30-025-06996 1	Blinebry ✓	Active	1	37.8
06997 2	Drinkard ✓	Active	1	38.1
	Tubb ✓	Active	1	37.9
06999 4	Blinebry ✓	Active	1	37.8
	Drinkard ✓	Active	3	38.1
34321 6	Blinebry (Pro Gas) ✓	Active	0	
	Tubb (Pro Gas) ✓	Active	0	
	Drinkard ✓	Active	0	
	Wantz ABO	Active	2	38.2
34554 7	Penrose Skelly; Grayburg ✓	Active	16	37.8
34774	Penrose Skelly; Grayburg ✓	Active	6	37.8
	Eunice; San Andres	Active	3	37.1
34775	Penrose Skelly; Grayburg ✓	Active	18	37.8
	Eunice; San Andres	Active	4	37.1





APACHE CORPORATION  
OWEN 'B' LEASE  
SW/4  
SEC 34 / T-22S / R-37E  
LEA COUNTY, NEW MEXICO

August 16, 2001

Royalty Interest Owners

**Re: Administrative Order PC-981  
Owen 'B' Lease  
Sec. 34, T21S, R37E  
Lea County, New Mexico**

Attached please find an application to amend the referenced Surface Commingling Permit to add additional pools that Apache Corporation has filed with the New Mexico Oil Conservation Division. If you have an objection to this application, you must notify the OCD in writing within 20 days from the date of this letter.

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

**OWEN 'B' LEASE  
ROYALTY INTEREST OWNERS**

James A Bryant  
8204 Indigo Ct NE  
Albuquerque, New Mexico 87122  
Certified Receipt #  
7000-2870-0000-2222-6833

Geraldine Osborn  
P O Box 1285  
Jal, New Mexico 88252  
Certified Receipt #  
7000-2870-0000-2222-6857

Johnny Mack Owens  
P O Box 1013  
Jal, New Mexico 88252-1013  
Certified Receipt #  
7000-2870-0000-2222-6871

Delrose Scott  
2000 N Fowler  
Hobbs, New Mexico 88240-2803  
Certified Receipt #  
7000-2870-0000-2222-6895

Stephens Family Trust  
Rt 1, Box 56A  
Paden, Oklahoma 74860-9746  
Certified Receipt #  
7000-2870-0000-2222-6840

Wayne Collier Stephens  
910 Fountain Drive  
Carlsbad, New Mexico 88220-3086  
Certified Receipt #  
7000-2870-0000-2222-6864

William Owens Stephens  
P O Box 115  
Eunice, New Mexico 88231-0115  
Certified Receipt #  
7000-2870-0000-2222-6888

Toussaint Family 1989 Trust  
1525 Star Way  
Reno, Nevada 89511-8691  
Certified Receipt #  
7000-2870-0000-2222-6901



# 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-981  
Owen "B" Lease  
Section 34, 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-981 to add the Eunice-San Andres Pool on the Owen "B" 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) **Are Wells No. 2, 4, 6, 8 and 9 downhole commingled?**
- e) **Is the interest ownership between the pools common throughout?**

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*

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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 horizontal stroke at the end.

David Catanach  
Petroleum Engineer

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-981  
Owen 'B' Lease  
Section 34, 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 16<sup>th</sup>, 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 Owen 'B' 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) Wells No. 2, 6, 8 and 9 are downhole commingled. See attached tabulation of wells for Downhole Commingling Permit numbers. Well No. 4 is not producing from the Drinkard pool and I have corrected the tabulation of wells accordingly

5) Interest ownership between pools is common throughout

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 that reads "Debra J. Anderson". The signature is written in a cursive style with a large, sweeping initial "D".

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

**OWEN 'B' LEASE  
PENROSE SKELLY; GRAYBURG / EUNICE; SAN ANDRES  
BLINEBRY / TUBB / DRINKARD / WANTZ ABO**

<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	1	100	37.8
2	Drinkard	Active	1	81	38.1
DHC-410	Tubb	Active	1	219	37.9
4	Blinebry (Pro Gas)	Active	1	72	37.8
6	Blinebry (Pro Gas)	Active	0	14	
DHC-2068	Tubb (Pro Gas)	Active	0	15	
	Drinkard	Active	0	6	
	Wantz ABO	Active	2	7	38.2
7	Penrose Skelly; Grayburg	Active	16	180	37.8
8	Penrose Skelly; Grayburg	Active	6	76	37.8
DHC-2675	Eunice; San Andres	Active	3	12	37.1
9	Penrose Skelly; Grayburg	Active	18	101	37.8
DHC-2674	Eunice; San Andres	Active	4	47	37.1

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

**Date Application Received:**

8/21/01

**Date of Preliminary Review:**

**(Note: Must be within 10-days of received date)**

8/21/01

**Results:**

           Application Complete

  X  

Application Incomplete

**Date Incomplete Letter Sent:**

8/21/01

**Deadline to Submit Requested Information:**

9/14/01

**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)**