

OIL CONSERVATION DIVISION
1625 N. FRENCH DRIVE
HOBBS, NM 88240

WELL API NO.

30-025-37750

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

RINEWALT

8. Well Number

7

9. OGRID Number

873

10. Pool name or Wildcat

PENROSE SKELLY; GRAYBURG (50350)
SOUTHWEST EUNICE; SAN ANDRES (24180)SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

APACHE CORPORATION

3. Address of Operator

6120 S. YALE, STE. 1500 TULSA, OK 74136

4. Well Location

Unit Letter C : 1090 feet from the FNL line and 1810 feet from the FWL line
Section 4 Township 22S Range 37E NMPM County LEA11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3,456'

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL Sect Twp Rng Pit type Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water Below-grade Tank Location UL Sect Twp Rng ; feet from the Line and feet from the line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☒PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐OTHER: ☐

SUBSEQUENT REPORT OF:

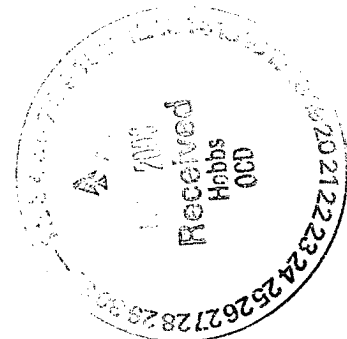
REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐CASING TEST AND CEMENT JOB ☐OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

WE NEED TO AMEND THE POOLS ON THE ORIGINAL PERMIT.

ORIGINALLY PERMITTED: PENROSE SKELLY; GRAYBURG (50350)
EUNICE; SAN ANDRES (24150)AMEND POOLS TO: PENROSE SKELLY; GRAYBURG (50350)
SOUTHWEST EUNICE; SAN ANDRES (24180)

****WE NEED THE POOLS TO MATCH OUR NSL ORDER (NSL-5346).

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.SIGNATURE Lana Williams TITLE SR. DEPT. CLERK DATE 3/29/06

Type or print name LANA WILLIAMS

E-mail address: lana.williams@apachecorp.com

Telephone No. 918-491-4980

This space for State use)

APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE APR 04 2006

Conditions of approval, if any:

March 9, 2006

Apache Corporation
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-5346 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pTDS0-606557403*) dated March 6, 2006 filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on behalf of the operator Apache Corporation; and (ii) the Division's records in Santa Fe: all concerning their request for:

- (a) an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit in the Penrose Skelly (Grayburg) Pool (**50350**); and
- (b) an unorthodox oil well location in the Southwest Eunice-San Andres Pool (**24180**).

Apache Corporation proposes to drill its **Rinewalt Well No. 7** at a location 1090 feet from the North line and 1810 feet from the West line (Lot 3/Unit C) of Section 4, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

Production from the Penrose Skelly (Grayburg) Pool is to be included within an existing standard 39.86-acre oil spacing and proration unit comprising Lot 3 (NE/4 NW/4 equivalent) of Section 4, which is currently dedicated to Apache Corporation's Rinewalt Well No. 5 (**API No. 30-025-34582**), located at a standard oil well location 510 feet from the North line and 1980 feet from the West line of Section 4.

The proposed Rinewalt Well No. 7 will be the initial San Andres oil well within this same 39.86-acre oil spacing and proration unit.

Apache Corporation
March 9, 2006
Page 2

Division Administrative Order NSL-5346 (SD)

It is the Division's understanding that such unorthodox location is necessitated for geologic and engineering reasons in that this location is approximately equidistance to other offsetting Penrose Skelly (Grayburg) oil production. The proposed infill oil well location will enable Apache Corporation to further develop and deplete the Grayburg reserves within the immediate area that might not otherwise be recovered.

It is further understood that Lot 3 and the S/2 NW/4 of Section 4 comprises a single fee lease (W. M. Rinewalt/Rinewalt lease).

By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox: (i) infill Penrose Skelly (Grayburg) oil well location; and (ii) San Andres oil well location, for Apache Corporation's proposed Rinewalt Well No. 7 is hereby approved.

Further, both the existing Rinewalt Well No. 5 and proposed Rinewalt Well No. 7 are to be simultaneously dedicated to the subject 39.86-acre unit within the Penrose Skelly (Grayburg) Pool.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs