



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

September 23, 2004

Mark E. Fesmire, P.E.
Director

Joanna Prukop
Cabinet Secretary

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

Oil Conservation Division

Re: Administrative application dated September 22, 2004 (administrative application reference No. pSEM0-426648428) on behalf of the operator Apache Corporation for an unorthodox "infill" oil well location in the Penrose Skelly (Grayburg) Pool (50350) and an unorthodox oil well location in the Undesignated East Hare-San Andres Pool (96601) for the proposed State "DA" Well No. 10 (API No. 30-025-36786) to be drilled 2310 feet from the South line and 1550 feet from the East line (Unit J) of Section 16, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

Dear Mr. Bruce:

The boundary of the Hare-San Andres Gas Pool (78080) comprises the following described area in Lea County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 15: W/2
Section 16: S/2
Section 21: S/2
Section 22: N/2 and SW/4
Section 27: W/2
Section 28: S/2.

2004 OCT 26 PM 4 00

Mike - I am resubmitting this for Grayburg only

This pool is currently governed under the provisions of Division Rule 104.C (3), which requires the following:

- (a) that gas wells developed on 160-acre spacing are to be located in a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys; and
- (b) for such wells to be located not closer than 660 feet to any outer boundary of such tract nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary.

The proposed Apache Corporation State "DA" Well No. 10 is clearly within the boundary of this gas pool. Under Division Rule 1207.A (2) (a) notification is insufficient in this instance; therefore, this application is hereby denied and is being returned to you.

Sincerely,

Michael E. Stogner
Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

DATE IN	SUSPENSE	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 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]

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- [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 _____

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

- [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.

JAMES BRUCE
 PO BOX 1056
 SANTA FE NM 87504
 Print or Type Name

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

Signature

Title

Date

e-mail Address

James Bruce *James Bruce* *10/26/04*
jamesbruce@aol.com

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

October 26, 2004

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Resubmittal of administrative application reference No.
MES0-426648428

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Apache Corporation applies for administrative approval of an unorthodox oil well location for the following well:

<u>Well:</u>	State DA Well No. 10
<u>Location:</u>	2310 feet FSL & 1550 feet FEL
<u>Well Unit:</u>	NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 16, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico

The well will be drilled to test the Grayburg formation (Penrose Skelly (Grayburg) Pool), which is an oil pool spaced on 40 acres. (Under Commission Order R-98-B, there is no limiting gas:oil ratio in the Penrose Skelly (Grayburg) Pool.)

The NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 16 will be **simultaneously dedicated** to the proposed well and to the existing State DA Well No. 8, and applicant requests approval of the simultaneous dedication.

The application is based on geologic and engineering reasons. A complete discussion, with appropriate exhibits (including a Form C-102), is attached as Exhibit A. The proposed well will be located in the approximate center of four Grayburg wells. Based on drainage calculations and the low permeability of the reservoir, applicant believes that drilling the infill well will recover reserves which will not be recovered by the existing Grayburg wells.

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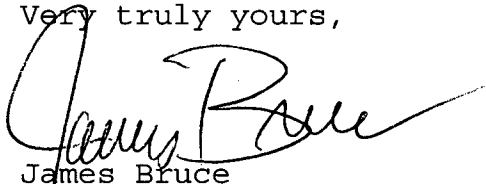
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1220 S. St. Francis Drive
Santa Fe, NM 87505

Attached as Exhibit B is a land plat, highlighting the proposed well's location. State Lease B-85-16 covers the N $\frac{1}{2}$ S $\frac{1}{2}$ §16, and Apache Corporation is the sole working interest owner. Since the well only encroaches on Lease B-85-16, and royalty, overriding royalty, and working interest ownership is common, notice to offsets is not required.

Please call me if you need any further information on this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Apache Corporation

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Application of Apache Corporation for administrative approval of an unorthodox oil well location:

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2310' FSL & 1550' FEL
NW¼SE¼ of Section 16, Township 21 South, Range 37 East, NMPM
Lea County, New Mexico

Oil Conservation Division
250 N. Francisco Drive
Santa Fe, NM 87505

1. Apache Corporation is the operator of the proposed **State DA #10** well (**Exhibit 1**). The proposed total depth is 4250' in the Grayburg formation.
2. The location is in the Penrose Skelly (Grayburg) Pool, which is spaced on 40 acres, and encroaches toward the following wells (**Exhibit 2**):

OPER	WELL	LOC	RESERVOIR	CUM O/G/W	DAILY O/G/W
Apache	State DA #8	16-J	Grayburg	7/170/87	7/249/67
Apache	State DA #5	16-I	Grayburg	4/25/31	0/0/0
ChevronTexaco	Leonard E #5	16-H	Grayburg	12/60/31	35/202/48
ChevronTexaco	Leonard E #1	16-G	Grayburg	2/7/5	28/123/75

MBO BOPD
MMCFG MCFGPD
MBW BWPD

3. The **State DA #10** unorthodox location, 2310' from south line and 1550' from east line, is based upon surface obstructions. Subsurface pipelines prevented locating the well at 1650' from east line and the shortest move was to the 1550' from east line location.
 - a) **Exhibit 3** (Grayburg SoPhiH) is the product of feet of pay times average porosity over the Grayburg times oil saturation. The calculation requires a full, modern suite of open hole logs, thus limiting data points available to map.
 - b) Apache's intent was to drill a standard location in Unit J and share the Grayburg allowable with the State DA #8 well. Location of various pipelines at the preferred location necessitated the move. The location has slightly less pay mapped than a standard location (**Exhibit 3**).
 - d) Volumetrics and reserves for the **State DA #10** are:

WELL	LOC	FM	AREA A	EUR MBO	EUR MMCFG
State DA #10	16-J	GRBG	28	53	424

4. Approval of this application will afford the interest owners in this spacing unit an opportunity to recover hydrocarbons which would not otherwise be recovered.



DISTRICT I
1825 N. FRANCH DR., SOGERS, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
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	Pool Name
Property Code	Property Name STATE DA	Well Number 10
OCRID No.	Operator Name APACHE CORPORATION	Elevation 3473'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	16	21-S	37-E		2310'	SOUTH	1550'	EAST	LEA

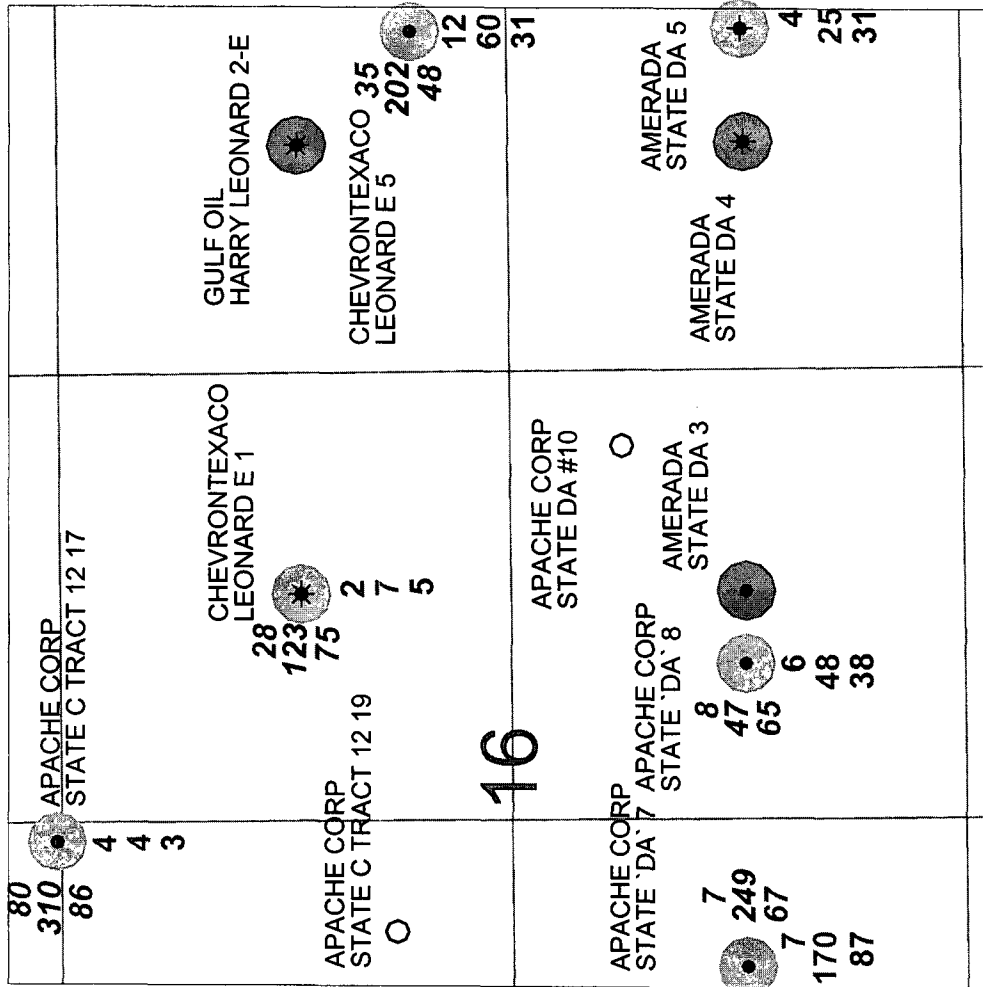
Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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>RECEIVED</p> <p>OCT 26 2004</p> <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUNE 15, 2004</p> <p>Date Surveyed _____ JR</p> <p>Signature & Seal of Professional Surveyor </p> <p>Certificate No. GARY EIDSON 12641</p>



WELL SYMBOLS

- Location Only
- Oil Well
- ☼ Gas Well
- ⊙ Dry

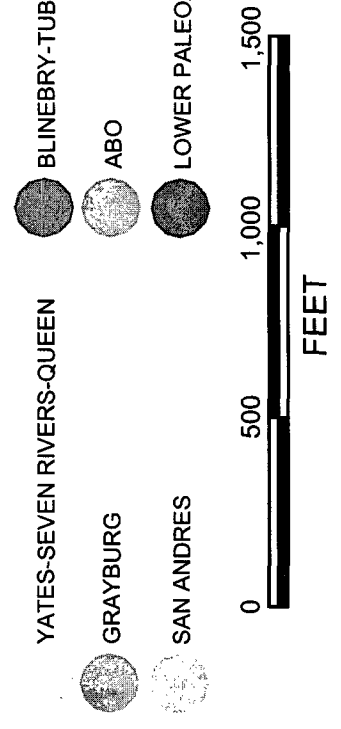
POSTED WELL DATA

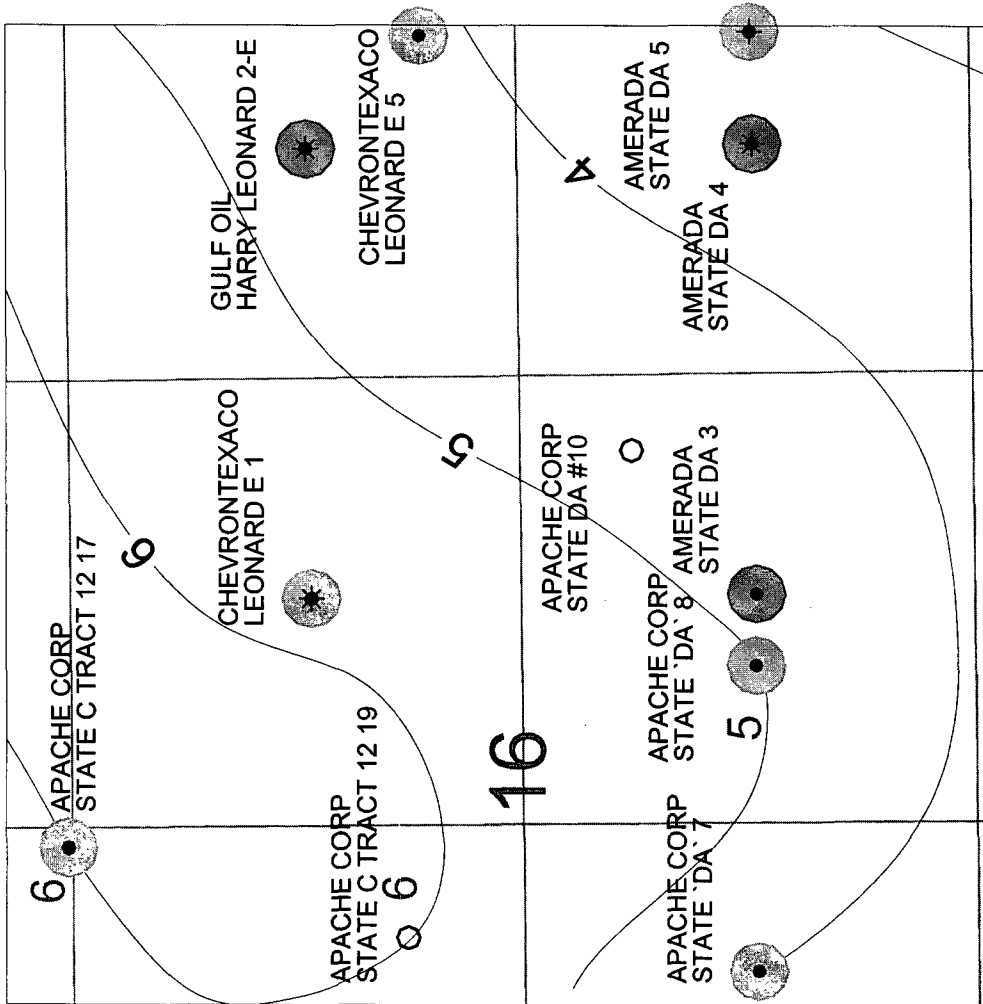
CURRENT BOPD ● OPERATOR
CURRENT MCFD ● WELL LABEL
CURRENT BWPD MBO
 MMCFG
 MBW

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TWO WARREN PLACE, SUITE 1500 6120 SOUTH YALE TULSA, OKLAHOMA 74136-4224 CENTRAL REGION
STATE DA # 10
SEC 16-T21S-R37E LEA COUNTY, NEW MEXICO
EXHIBIT 2 WELL INFORMATION
DATE: 5/30/04 DWG: PROD (CURTIS)OCD-NM STATE DA 10 EX2

OIL CONSERVATION DIVISION
 1225 S. St. Francis Drive
 Santa Fe, NM 87505






POROSITY $\geq 6\%$
 GAMMA RAY ≤ 30 APIU
 WATER SATURATION $\leq 50\%$

WELL SYMBOLS

- Location Only
- Oil Well
- ☼ Gas Well
- ⊖ Dry

POSTED WELL DATA

GRAYBURG
 SOPHIH ● OPERATOR
 WELL LABEL

 TWO WARREN PLACE, SUITE 1500 6120 SOUTH YALE TULSA, OKLAHOMA 74136-4224 CENTRAL REGION	
STATE DA # 10	
SEC 16-T21S-R37E LEA COUNTY, NEW MEXICO	
EXHIBIT 3 GRAYBURG SOPHIH	
DATE: 5/30/04 DWG: PROD (CURTIS)OCD-NMSTATE DA 10 EX2	

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Oil Conservation Division
 220 S. St. Francis Drive
 Santa Fe, NM 87505

- YATES-SEVEN RIVERS-QUEEN
- GRAYBURG
- SAN ANDRES
- BLINEBRY-TUBBS-DRINKARD
- ABO
- LOWER PALEOZOIC



