

DATE <u>7/5/11</u>	SUSPENSE <u>—</u>	ENGINEER <u>DB</u>	LOGGED <u>7/5/11</u>	TYPE <u>NSL</u>	APP NO. <u>PWVJ118654453</u>
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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



Apache
EDWARD
Turner #33

2011 JUL - 5 A 10:44

ADMINISTRATIVE APPLICATION CHECKLIST

6424

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]

- [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 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.

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

David Catanach
 Print or Type Name

David Catanach
 Signature

7/5/11
 Date

Agent for Apache Corporation
 Title

drcatanach@netscape.com
 E-Mail Address

July 5, 2011

Hand Delivered

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

Attention: Ms. Jami Bailey, CPG
Division Director

Re: Application for Unorthodox Well Location
Turner No. 33
API No. (30-025-40177)
1550' FSL & 2550' FEL (Unit J)
Section 22, T-21 South, R-37 East, NMPM,
Penrose Skelly-Grayburg & Paddock Pools
Lea County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Apache Corporation ("Apache") respectfully requests administrative approval of an unorthodox oil well location for its proposed Turner No. 33. This well will be drilled as a development oil well in the Penrose Skelly-Grayburg (50350) and Paddock (49210) Pools at an unorthodox oil well location for both pools 1550 feet from the South line and 2550 feet from the East line (Unit J) of Section 22, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

In the Penrose Skelly-Grayburg Pool, the proposed Turner No. 33 will be dedicated to an existing standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of Section 22. This unit is currently dedicated to Apache's Turner No. 19 (API No. 30-025-35830) located 1575 feet from the South line and 1450 feet from the East line, and Apache's Turner No. 29 (API No. 30-025-39692) located 2310 feet from the South line and 2190 feet from the East line.

In the Paddock Pool, the proposed Turner No. 33 will be dedicated to an existing standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of Section 22. This unit is currently dedicated to Apache's Turner No. 14 (API No. 30-025-06756) located 2310 feet from the South and East lines.

The Penrose Skelly-Grayburg and Paddock Pools are both currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The proposed unorthodox location is necessary for both engineering and topographic reasons.

Engineering data obtained from Penrose Skelly-Grayburg and Paddock producing wells operated by Apache within its Turner Lease, which comprises the S/2 of Section 22, Township 21 South, Range 37 East, NMPM, demonstrates that Grayburg wells typically drain an average area of approximately 14 acres, and that Paddock wells typically drain an average area of approximately 19 acres. A well drilled at the proposed unorthodox location will help to maximize the recovery of oil and gas reserves from both the Grayburg and Paddock formations within the NW/4 SE/4 of Section 22, while also avoiding existing power lines and pipelines in this area (see attached vicinity map).

Engineering data further indicates that the Turner No. 33 should recover an additional 60 MBO of oil and 722 MMCF of gas from the Grayburg and Paddock formations underlying the NW/4 SE/4 of Section 22.

The affected offset acreage includes the E/2 SW/4 and SW/4 SE/4 of Section 22, Township 21 South, Range 37 East. The SW/4 SE/4 and SE/4 SW/4 are existing 40-acre spacing units in both the Penrose Skelly-Grayburg and Paddock Pools, and both are operated by Apache. The NE/4 SW/4 is an existing 40-acre spacing unit in the Penrose Skelly-Grayburg Pool. **The S/2 of Section 22 comprises a single lease (Turner Lease), which is operated and commonly-owned by Apache. Consequently, notice of this application is not required to any party.**

Attached is a Form C-102 and vicinity map.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Penrose Skelly-Grayburg and Paddock Pools underlying the NW/4 SE/4 of Section 22 that may otherwise not be recovered by the existing wells, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Apache Corporation
6120 S. Yale, Suite 1500
Tulsa, Oklahoma 74136

Xc: OCD-Hobbs

District I
1625 N. French Dr., Hobbs, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised July 16, 2010
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-40177	Pool Code 50350 & 49210	Pool Name Penrose Skelly-Grayburg & Paddock Pools
Property Code 22880	Property Name Turner	Well Number 33
OGRID No. 873	Operator Name Apache Corporation	Elevation 3,408'

Surface Location

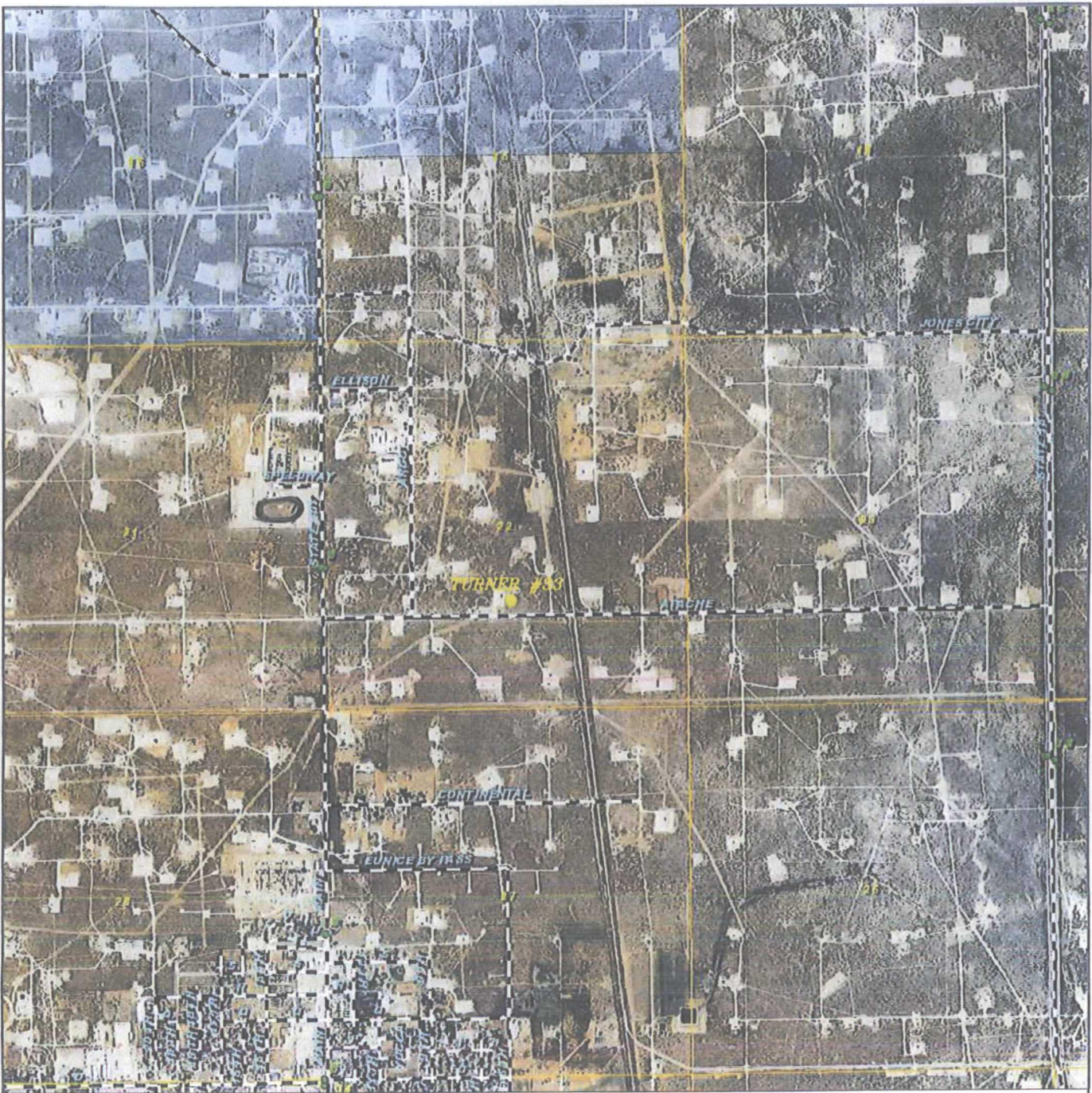
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	22	21 South	37 East		1550'	South	2550'	East	Lea

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 40	Joint or Infill	Consolidate 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 align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottomhole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofor entered by the Division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p>



TURNER #33

Located 1550' FSL and 2550' FEL
 Section 22, Township 21 South, Range 37 East,
 N.M.P.M., Lea County, New Mexico.



focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
basinsurveys.com

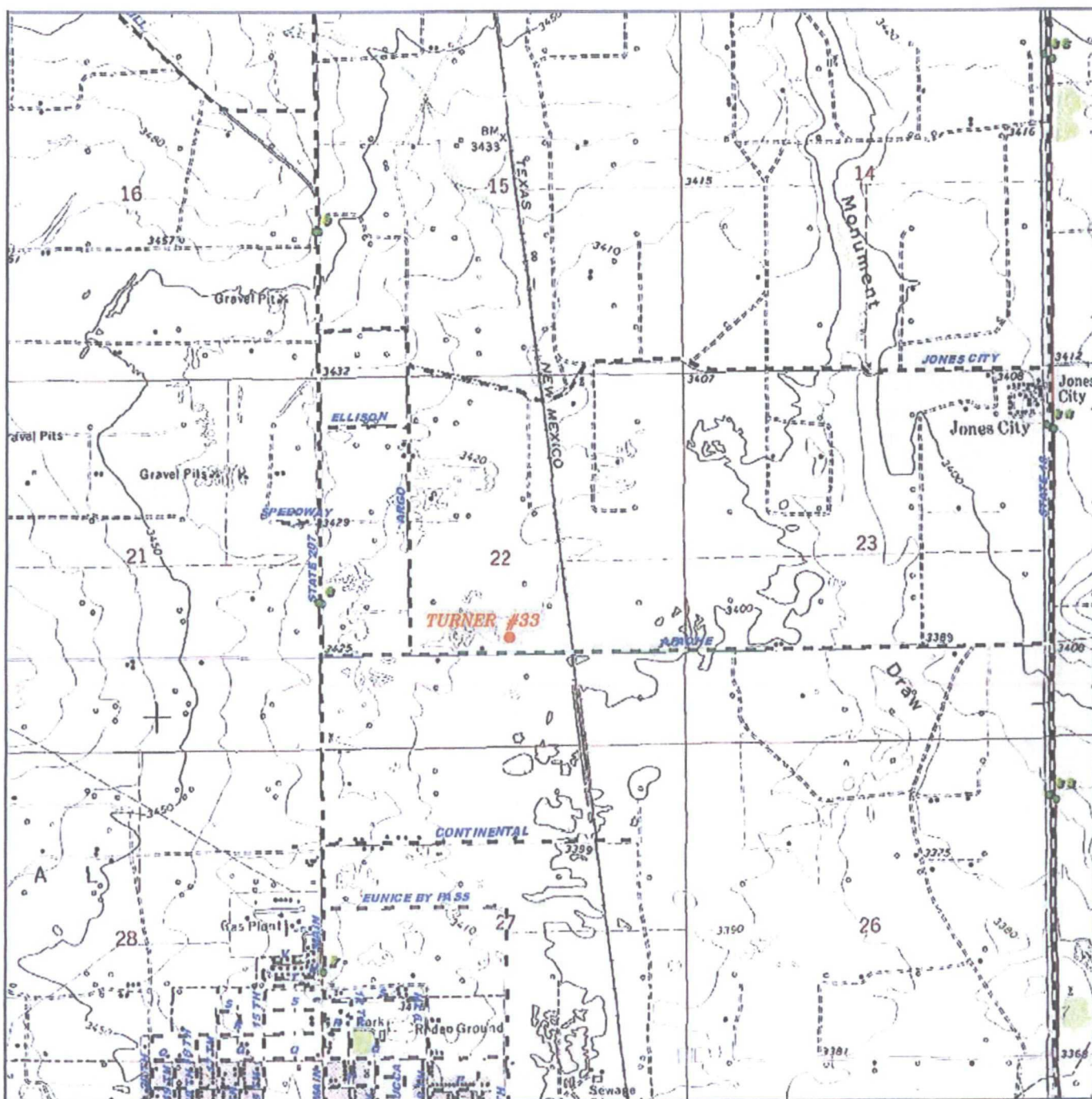
W.O. Number: JMS 24776

Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



APACHE
 CORPORATION



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W.O. Number: JMS 24776

Survey Date: 06-13-2011

Scale: 1" = 2000'

Date: 06-16-2011



APACHE
 CORPORATION