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|-----------------------|----------|----------------------|-------------------------|------|--------------------------|
| 06-12-2014 DATE IN | SUSPENSE | McMILLAN ENGINEER | 06-12-2014 LOGGED IN | TYPE | PEH1416340052 APP NO. |
|-----------------------|----------|----------------------|-------------------------|------|--------------------------|

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]

[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

Agent for Apache Corporation
Title

6/12/14
Date

drcatanach@netscape.com
E-Mail Address

NSL # 873
APACHE CORPORATION
30-015-42402-00-00
POOL # 96831
CEDAR LAKE: GLORIA-
YESO

June 12, 2014

Hand Delivered

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

Attention: Ms. Jami Bailey
Division Director

Re: Application for Unorthodox Well Location
Lee Federal Well No. 80
API No. (30-015-42402)
1550' FSL & 1080 FWL (Unit L)
Section 20, T-17 South, R-31 East, NMPM,
Eddy 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 Lee Federal No. 80. This well will be drilled as a development oil well in the Cedar Lake Glorieta-Yeso Pool (96831).

The proposed Lee Federal No. 80 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Cedar Lake Glorieta-Yeso Pool comprising the NW/4 SW/4 of Section 20. This unit is currently dedicated to Apache's: i) existing Lee Federal No. 46 (API No. 30-015-39915) located at a standard well location 2230 feet from the South line and 430 feet from the West line; ii) proposed Lee Federal No. 77 (API No. 30-015-42401) located at a surface location 1550 feet from the South line and 970 feet from the West line and a standard bottomhole location 2308 feet from the South line and 990 feet from the West line; and iii) proposed Lee Federal No. 79 (API No. 30-015-42190) located at a standard well location 1710 feet from the South line and 330 feet from the West line.

The Cedar Lake Glorieta-Yeso Pool is 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.

In order to minimize surface disturbance on this federal lease, Apache is proposing to utilize a single well pad to drill its proposed Lee Federal Wells No. 53, 80 and 77. The location of the well pad within this quarter-quarter section is dictated by

numerous surface obstructions in this area, including electric lines, fences, lease roads, highways, etc. (see attached vicinity map).

The affected offset tracts are the NE/4 SW/4, SW/4 SW/4 and SE/4 SW/4 of Section 20, Township 17 South, Range 31 East, NMPM. These affected offset tracts are operated by Apache in the Cedar Lake Glorieta-Yeso Pool. Please note that the working interest ownership between the drill tract and the three affected offset tracts is common. Consequently, notice of this application is not required to any party.

Attached is a Form C-102 showing the proposed well, spacing unit, other existing or proposed wells in the spacing unit and affected offset acreage. Also attached is a vicinity map.

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Cedar Lake Glorieta-Yeso Pool underlying the NW/4 SW/4 of Section 20 that may otherwise not be recovered by the existing or proposed producing 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
303 Veterans Airpark Lane
Suite 3000
Midland, Texas 79705

Xc: OCD-Artesia

District I
4625 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 30-015-42402 | | Pool Code 96831 | Pool Name Cedar Lake Glorieta-Yeso Pool |
| Property Code 308720 | Property Name Lee Federal | | Well Number 80 |
| OGRID No. 873 | Operator Name Apache Corporation | | Elevation 3,636' |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|---------|---------|---------------|------------------|---------------|----------------|--------|
| L | 20 | 17 South | 31 East | | 1550 | South | 1080 | West | Eddy |

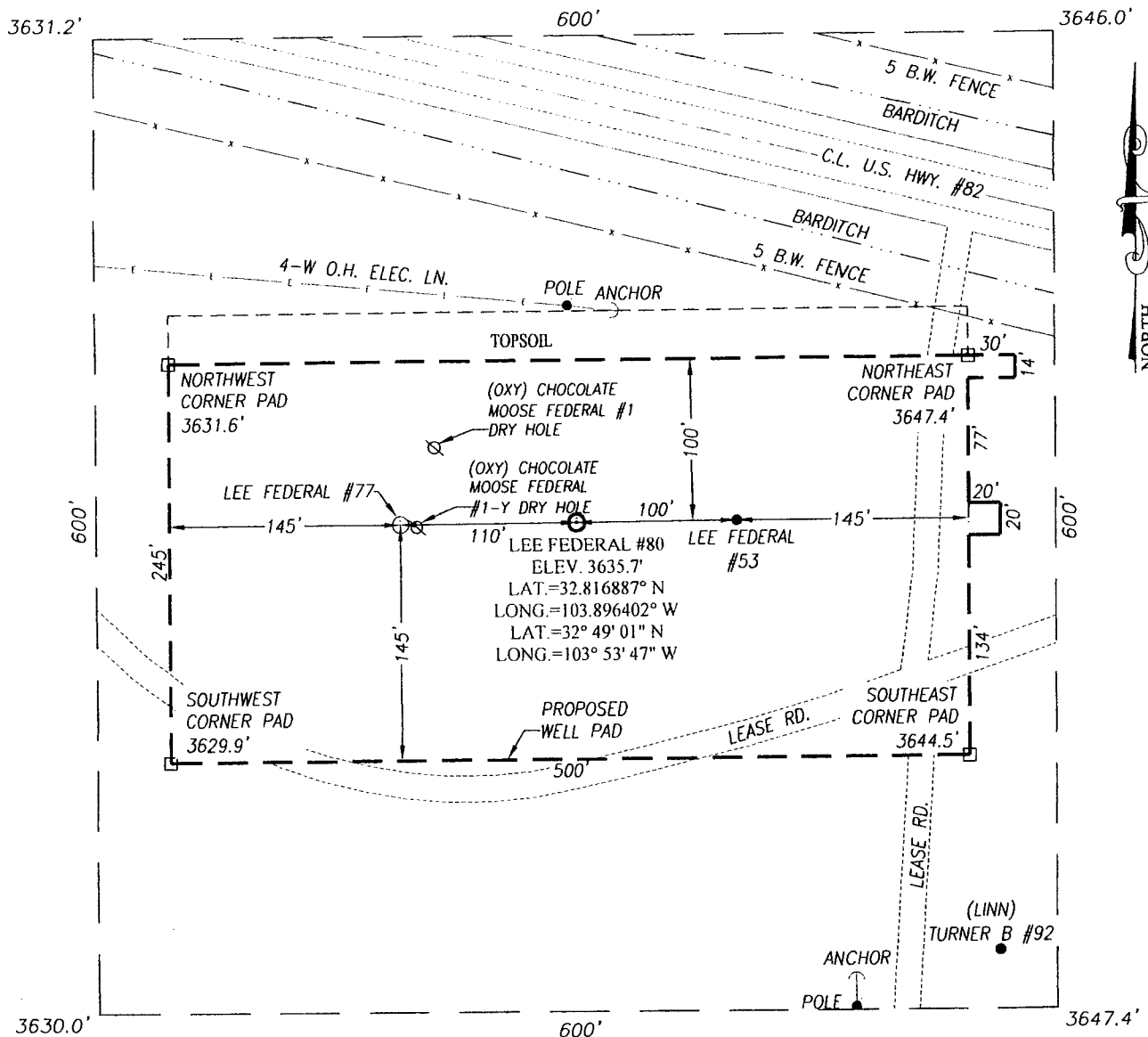
Bottom Hole Location If Different From Surface

| 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

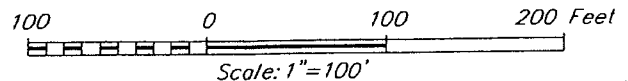
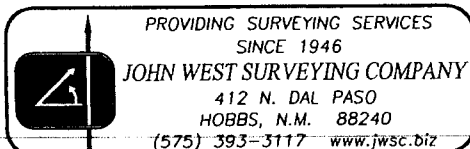
| | | | | | |
|---|--|--|--|--|--|
| | | | | OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or an leased mineral interest in the land including the 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> | |
| | | | | Signature _____ Date _____ Printed Name _____ E-mail Address _____ | |
| | | | | SURVEYOR CERTIFICATION <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> | |
| Affected Offset Tract Operator: Apache WI Ownership Common w/Drill Tract | | | | Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____ | |
| Affected Offset Tract Operator: Apache WI Ownership Common w/Drill Tract | | | | | |

SECTION 20, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY **NEW MEXICO**



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HIGHWAY 82 AND CO. RD. #222 (SHUGART), GO WEST ON U.S. HIGHWAY 82 APPROX. 0.8 MILES. TURN LEFT AND GO SOUTH APPROX. 175 FEET. THIS LOCATION IS WEST APPROX. 220 FEET.



APACHE CORPORATION

LEE FEDERAL #80 WELL
 LOCATED 1550 FEET FROM THE SOUTH LINE
 AND 1080 FEET FROM THE WEST LINE OF SECTION 20,
 TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO

| | | |
|----------------------|-------------------|-------------------------|
| Survey Date: 3/25/13 | CAD Date: 4/09/13 | Drawn By: ACR |
| W.O. No.: 13111331 | Rev: | Rel. W.O.: Sheet 1 of 1 |