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|------------------|---------------|-----------------|-------------------|----------|------------------------|
| DATE IN. 7/24/12 | SUSPENSE 8-14 | ENGINEER Brooks | LOGGED IN 7/23/12 | TYPE NSL | APP NO. PKVR1220744986 |
|------------------|---------------|-----------------|-------------------|----------|------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



873 Apache Corp
 30-015-46232
 D State # 87
 VLS 34 175 28E

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

6667

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

7/18/12
 Date

drcatanach@netscape.com
 E-Mail Address

July 18, 2012

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
D State Well No. 87
API No. (30-015-40232)
1555' FSL & 2290' FEL (Unit J)
Section 34, T-17 South, R-28 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 D State No. 87. This well will be drilled as a development oil well in the Artesia Glorieta-Yeso Pool (96830).

The proposed D State No. 87 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NW/4 SE/4 of Section 34. This unit is currently dedicated to Apache's: i) proposed D State No. 85 (API No. 30-015-40441) located at an unorthodox well location 2405 feet from the South line and 2250 feet from the East line; ii) proposed D State No. 86 (API No. 30-015-40231) located at an unorthodox well location 2415 feet from the South line and 1650 feet from the East line; and iii) proposed D State No. 88 (API No. 30-015-40233) located at an unorthodox well location 1460 feet from the South line and 1755 feet from the East line.

The Artesia 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.

The attached vicinity map shows that the proposed unorthodox well location is necessary in order to avoid an existing pipeline.

The two affected offset tracts are the SW/4 SE/4 and the SE/4 SW/4 of Section 34. There is currently no Glorieta-Yeso production in either affected offset tract. The

operating rights within the SW/4 SE/4 of Section 34 are owned by ConocoPhillips Company, Chaparral Energy, LLC and Chisos, Ltd. Apache owns 100% of the working interest in the SE/4 SW/4 of Section 34. Notice of this application is being provided by certified mail to ConocoPhillips Company, Chaparral Energy, LLC and Chisos, Ltd.

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

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Artesia Glorieta-Yeso Pool underlying the NW/4 SE/4 of Section 34 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
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 30-015-40232 | | Pool Code 96830 | Pool Name Artesia Glorieta-Yeso Pool |
| Property Code 308712 | Property Name D State | | Well Number 087 |
| OGRID No. 873 | Operator Name Apache Corporation | | Elevation 3665' |

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 | 34 | 17 South | 28 East | | 1555 | South | 2290 | East | Eddy |

Bottom Hole Location If Different From Surface

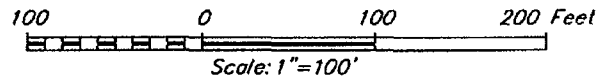
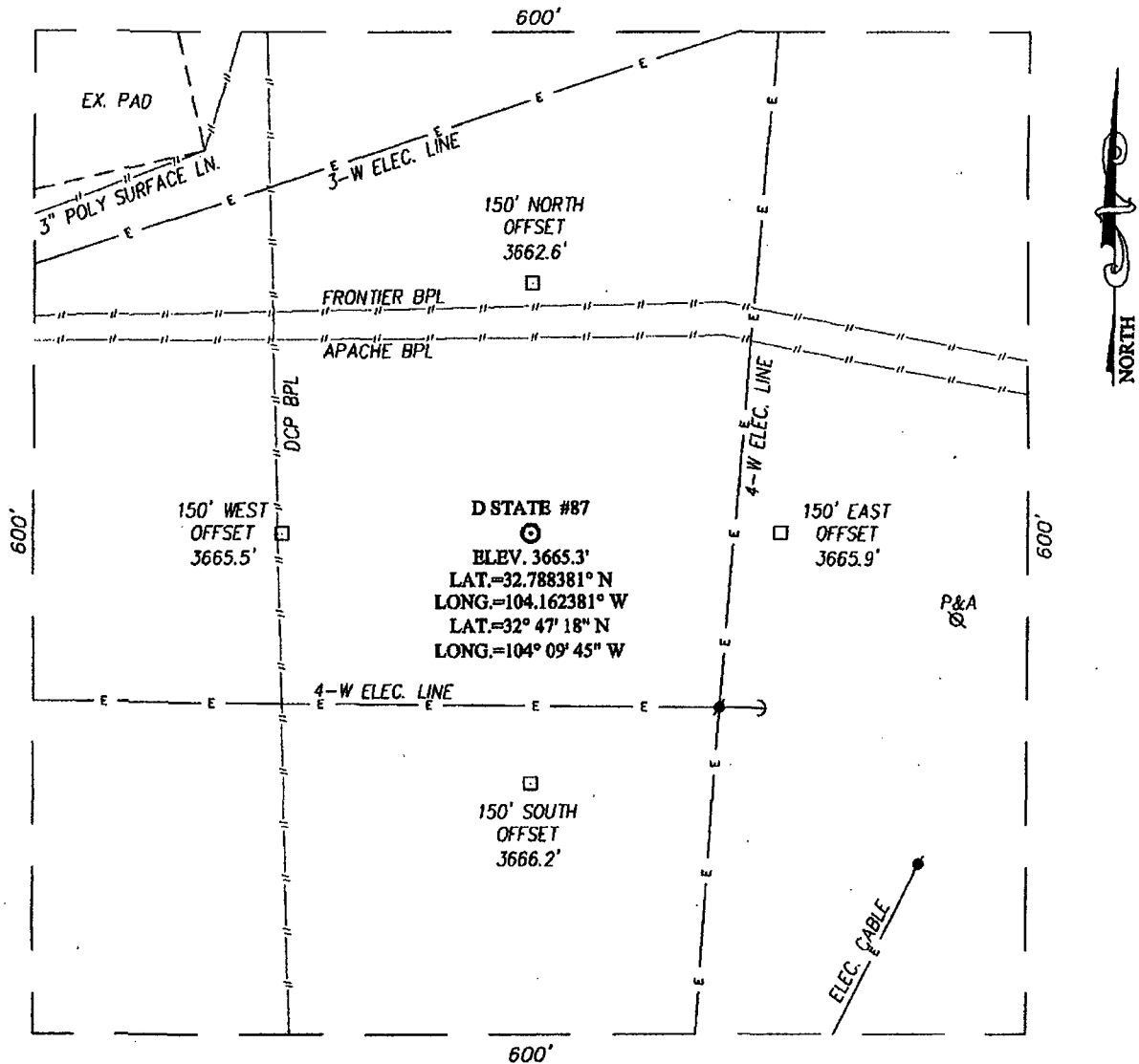
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|------------------------------|-----------------|------------------|-----------|
| 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

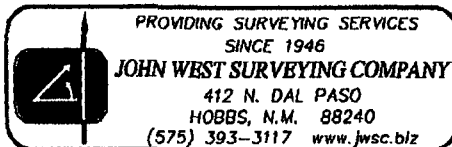
| | | | | | |
|---|--|--|--|---|--|
| | | | | OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the 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> | |
| | | | | 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> | |
| | | | | Date of Survey _____ Signature and Seal of Professional Surveyor: _____ | |
| Affected Offset Acreage Apache-100% WI Owner | | | | Affected Offset Acreage ConocoPhillips Co. Chapparral Energy LLC Chisos, Ltd. | |
| | | | | Certificate Number _____ | |

SECTION 34, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND ST. HWY. #360, GO SOUTHEAST APPROX. 0.4 MILES. TURN RIGHT AND GO SOUTHWEST APPROX. 0.2 MILES. TURN LEFT AND GO EAST APPROX. 0.1 MILES. THE LOCATION STAKE IS APPROX. 100 FEET SOUTH OF THE LEASE ROAD.



APACHE CORPORATION

D STATE #87 WELL
LOCATED 1555 FEET FROM THE SOUTH LINE
AND 2290 FEET FROM THE EAST LINE OF SECTION 34,
TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

| | | |
|----------------------|-------------------|-------------------------|
| Survey Date: 3/21/12 | CAD Date: 4/18/12 | Drawn By: AF |
| W.O. No.: 12110491 | Rev: . | Rel. W.O.: Sheet 1 of 1 |

July 18, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ConocoPhillips Company Chaparral Energy, LLC
P.O. Box 2197 701 Cedar Lake Blvd.
Houston, Texas 77363-2197 Oklahoma City, OK 73114

Chisos Ltd.
670 Dona Ana Road SW
Deming, New Mexico 88030

Re: Apache Corporation
Application for Unorthodox Oil Well Location
D State No. 87
1555' FSL & 2290' FEL (Unit J)
Section 34, T-17 South, R-28 East, NMPM,
Artesia Glorieta-Yeso Pool, Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation ("Apache") for authorization to drill its D State No. 87 at an unorthodox oil well location in the Artesia Glorieta-Yeso Pool 1555 feet from the South line and 2290 feet from the East line (Unit J) of Section 34, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The well will be dedicated to an existing 40-acre spacing and proration unit in the Artesia Glorieta-Yeso Pool comprising the NW/4 SE/4 of Section 34. This unit is currently dedicated to Apache's proposed D State Wells No. 85, 86 and 88. The unorthodox location is necessary in order to avoid an existing pipeline.

As the owner of an interest that may be affected by the proposed unorthodox oil well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

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

Enclosure

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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OKLAHOMA CITY OK 73114

| | |
|---|----------------|
| Postage | \$ 1.70 |
| Certified Fee | \$2.95 |
| Return Receipt Fee (Endorsement Required) | \$2.35 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total Postage & Fees | \$ 7.00 |

Sent To **Chaparral Energy, LLC**
 Street, Apt. No., or PO Box No. **701 Cedar Lake Blvd.**
 City, State, ZIP+4 **Oklahoma City, OK 73114**

PS Form 3800, August 2006 See Reverse for Instructions

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DEMING NM 88030

| | |
|---|----------------|
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| Certified Fee | \$2.95 |
| Return Receipt Fee (Endorsement Required) | \$2.35 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total Postage & Fees | \$ 7.00 |

Sent To **Chisos Ltd.**
 Street, Apt. No., or PO Box No. **670 Dona Ana Road; SW**
 City, State, ZIP+4 **Deming, New Mexico 88030**

PS Form 3800, August 2006 See Reverse for Instructions

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PLANTERSVILLE TX 77363

| | |
|---|----------------|
| Postage | \$ 1.70 |
| Certified Fee | \$2.95 |
| Return Receipt Fee (Endorsement Required) | \$2.35 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total Postage & Fees | \$ 7.00 |

Sent To **ConocoPhillips Company**
 Street, Apt. No., or PO Box No. **P.O. Box 2197**
 City, State, ZIP+4 **Houston, Texas 77363-2197**

PS Form 3800, August 2006 See Reverse for Instructions