

DATE IN 1-17-13	SUSPENSE 2-6	ENGINEER DB	LOGGED IN 1-17	TYPE NSL	APP NO. PDKB1301835069
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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
A St #59

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
 X NSL ☐ NSP ☐ SD

Apache Corporation's
 A State 59
 30-015-38967

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] X Working, Royalty or Overriding Royalty Interest Owners
 [B] X 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] X 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.

Brian Wood

Print or Type Name

Signature

Consultant

Title

brian@permitswest.com

e-mail Address

1-17-13

Date

**REQUEST FOR ADMINISTRATIVE APPROVAL
NONSTANDARD LOCATION
APACHE CORPORATION'S
A STATE 59
2310' FNL & 1100' FWL
SECTION 25, T. 17 S., R. 28 E., EDDY COUNTY, NM
API 30-015-38967**

I. The proposed oil well (see APD as Exhibit A) is on private surface (Bogle Ltd. Company c/o COG) and NM State Land Office oil and gas lease XO-0647-0405 (8,746.59 acres). The well is 2,310' from the closest lease line (Exhibit B). The proposed oil well is nonstandard for the Artesia; Glorieta-Yeso (Pool 96830) due to land uses. There are three producing Red Lake; Queen-Grayburg-San Andres oil wells operated by LRE, three plugged and abandoned wells, one other proposed Yeso well, and ancillary roads, pipelines, and power lines in the SWNW Section 25.

Apache requests a nonstandard location due to land uses. The well was planned to be staked 2310 FNL & 990 FWL. However, LRE's Marathon 25 State 28 (30-015-36990) occupies that spot (Exhibit C). The two pads now overlap.

A standard location must be at least 330' from the quarter-quarter line. The well bore is 220' from the east quarter-quarter line (see C-102 as EXHIBIT D). It is 110' too far east. It is 330' from the south quarter-quarter line. It is 396' from the southwest corner of the quarter-quarter.

II. Form C-102 showing the well and 40 acre pro ration unit (SWNW Section 25) is attached as Exhibit D.

Exhibit E shows the existing Yeso acreage dedications (dashed lines). The well encroaches 110' too far east. The encroachment is part of the same state lease.

Apache operates all Yeso wells in the SWNW Section 26 and seven of the bordering or cornering quarter-quarters. LRE operates a Yeso well in the NENE Section 26. Apache and its partners have 100% of the Yeso working interest in the affected offset quarter-quarters. Closest Yeso well is Apache's N B Tween State 6 (30-015-36626), which is 449' east at 2400 FNL & 1540 FWL 25-17s-28e.

III. The state oil and gas lease boundary is shown on EXHIBIT B. The well encroaches to the east. The encroachment is part of the same state lease. Eight existing Yeso pro ration units (see Exhibit E) touch the proposed pro ration unit. Seven of the eight are Apache operated. Apache and its partners have 100% of the Yeso working interest in the quarter-quarter in which the well is located, the quarter-quarter (SENE Section 25) toward which the well encroaches, and the closest cornering quarter-quarters (N2SW Section 25). This information is current and correct.

IV. Exhibit F shows the proposed well, proration unit, and all wells. Yeso wells are circled. Apache does not believe directional drilling to a standard location from an existing pad is cost effective for this well.

V. Three LRE producing Red Lake; Queen-Grayburg-San Andres oil wells, three plugged and abandoned wells, one other proposed Yeso well, and ancillary roads, pipelines, and power lines in the SWNW Section 25 prevent a standard location.

VI. Archaeology is not an issue.

VII. The well was planned to be staked 2310 FNL & 990 FWL. However, LRE's Marathon 25 State 28 oil well (Red Lake; Queen-Grayburg-San Andres) prevents a standard location.

VIII. Apache does not believe directional drilling to a standard location is cost effective for this well.

IX. I hereby certify that Apache Corporation and its partners have 100% of the Yeso working interest in the lease which comprises the proposed 40 acre spacing unit and the adjacent quarter-quarters (SENW & N2SW4 Section 25) on one or more of the two sides or the single closest corner to the proposed well toward which it encroaches and that the information is current and correct.

I hereby attest that I, on or before the date that the application was submitted to the division, sent notification to the affected persons (see EXHIBIT F) by certified mail, return receipt requested, advising them that if they have an objection it must be filed in writing within 20 days from the date the division

receives the application. These affected persons have working or royalty interests in quarter-quarters that border the 40-acre spacing unit. Said notice was sent to:

Chase Oil Corporation
COG Operating
Khody Land & Minerals Co.
Marathon Oil Company
Yates Petroleum Corp.

Brian Wood

Brian Wood, Consultant

1.17.13

Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 17th of Jan. 2013 day of January, 2013 by Brian Wood. Witness my hand and official seal.

Karen Renner

Notary Public

My Commission Expires: 03/08/2015

Business Address:

*13 Avenida Vista Grande
Santa Fe, NM 87508*



cc: Flores, OCD (Artesia & Santa Fe)

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address APACHE CORP 303 Veterans Airpark Lane Midland, TX 79705		2. OGRID Number 873
		3. API Number 30-015-38967
4. Property Code 308701	5. Property Name A STATE	6. Well No. 059

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	East From	N/S Line	East From	E/W Line	County
E	25	17S	28E	E	2310	N	1100	W	EDDY

8. Pool Information

ARTESIA; GLORIETA-YESO (O)	96830
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3668
14. Multiple N	15. Proposed Depth 5700	16. Formation Yeso Formation	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Linear Synthetic <input type="checkbox"/> mils thick Clay <input type="checkbox"/> Pit Volume: bbls Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> Closed Loop System <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	400	300	
Prod	7.875	5.5	17	5700	960	

Casing/Cement Program: Additional Comments

--

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Hydril	3000	2000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
 I further certify that the drilling pit will be constructed according to NMOC guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

OIL CONSERVATION DIVISION

Printed Name: Electronically filed by Bobby Smith	Approved By: Randy Dade
Title:	Title: District Supervisor
Email Address: bobby.smith@apachecorp.com	Approved Date: 4/19/2011 Expiration Date: 4/19/2013
Date: 4/19/2011 Phone: 432-818-1020	Conditions of Approval Attached

EXHIBIT A



Point Locations

- County Seat
- ▲ SLO District Offices
- City, Town or Village
- ★ Volcanic Vents
- Highway Mileposts

NMOCD Oil and Gas Wells

- Oil
- Injection
- ⊙ Carbon Dioxide
- Miscellaneous
- ⊙ Gas
- ⊙ Water
- ⊙ DA or PA
- △ Salt Water Disposal

Federal Minerals

- All Minerals
- Coal Only
- Oil and Gas Only
- Oil, Gas and Coal Only
- Other Minerals

State Trust Lands

- Surface Estate
- Subsurface Estate
- Both Estates

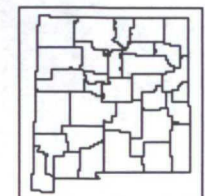
NMSLO Leasing

- Option Agreement
- Commercial Lease
- Minerals Lease
- Oil and Gas Lease
- Agricultural Lease
- Not Available for Oil and Gas Leasing
- Restriction Influences Oil and Gas Leasing

Other Boundaries

- Continental Divide
- State Boundary
- County Boundaries
- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- Potash Enclave (NMOCD R-11 I-P)

For detailed legend of the Geologic Map of New Mexico, please see <http://geoinfo.nmt.edu>



www.nmstatelands.org

New Mexico State Land Office Oil, Gas, and Minerals

0 0.04 0.09 0.18 0.27 0.36 Miles

Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

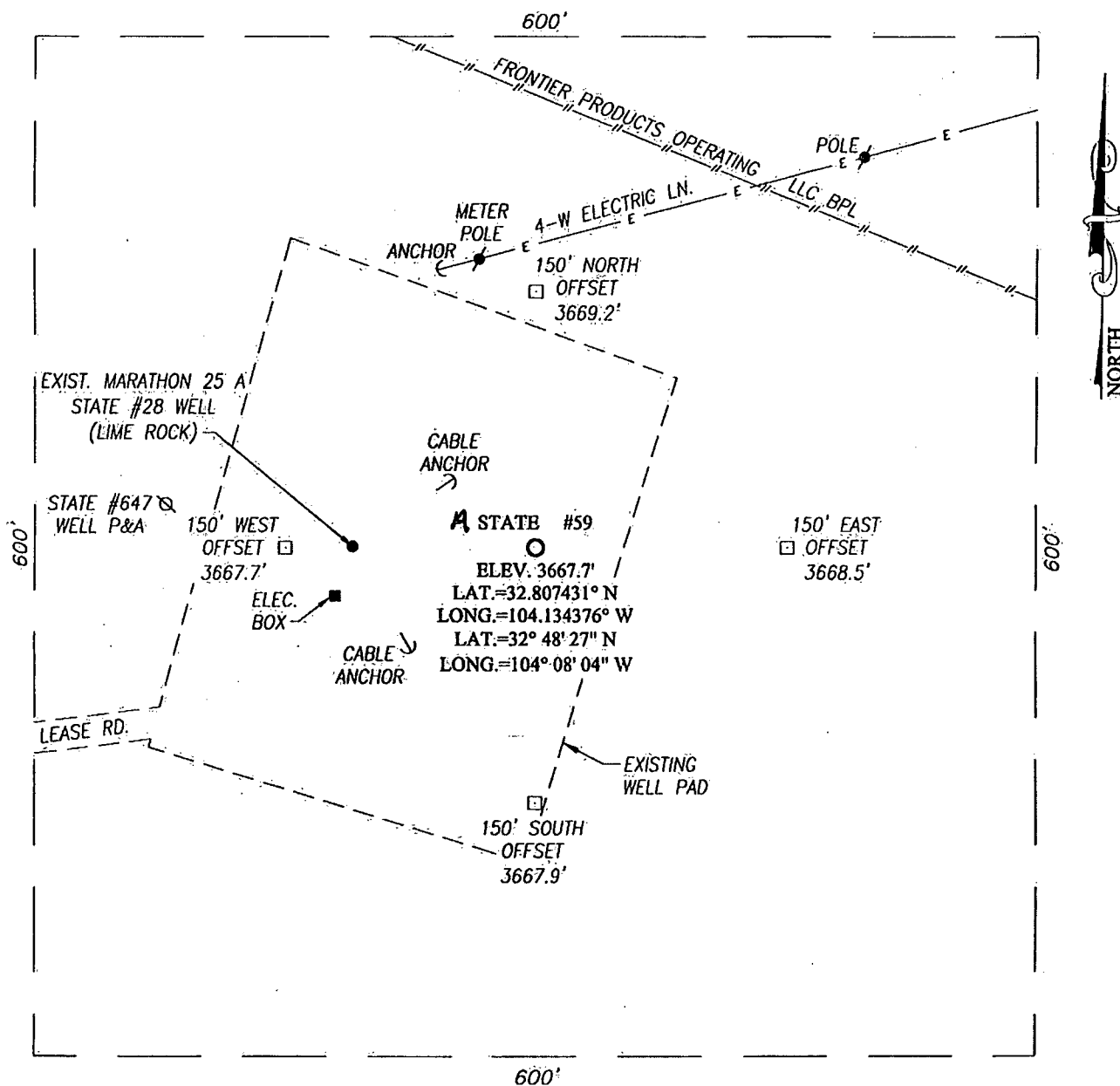
EXHIBIT B

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center
logic@slo.state.nm.us

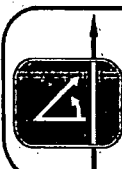
Created On: 1/5/2013 12:48:39 PM

SECTION 25, TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



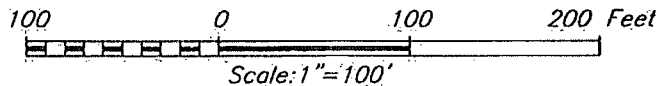
DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 (LOVINGTON HWY.) AND CO. RD. #209 (TURKEY TRACK RD.), GO EAST ON U.S. HWY. #82 APPROX. 1.2 MILES. TURN LEFT AND GO NORTHWEST APPROX. 0.3 MILES TO THE EXISTING LIME ROCK MARATHON 25 A STATE #28 WELL PAD. THIS LOCATION STAKE IS APPROX. 110 FEET EAST OF THE EXISTING WELL.



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

EXHIBIT C



APACHE CORPORATION

A STATE #59 WELL
LOCATED 2310 FEET FROM THE NORTH LINE
AND 1100 FEET FROM THE WEST LINE OF SECTION 25,
TOWNSHIP 17 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 3/25/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.0567	Dr By: DSS
Date: 4/5/11	11110567
	Scale: 1"=100'

LRE's Marathon 25 State 28



A State 59 center stake



EXHIBIT C



District III1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170District IV1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462**1220 S. St Francis Dr.
Santa Fe, NM 87505****WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-38967	2. Pool Code 96830	3. Pool Name ARTESIA; GLORIETA-YESO (O)
4. Property Code 308701	5. Property Name A STATE	6. Well No. 059
7. OGRID No. 873	8. Operator Name APACHE CORP	9. Elevation 3668

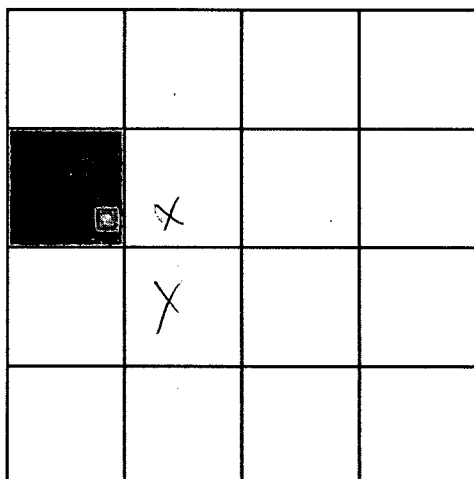
10. Surface Location

UL - Lot E	Section 25	Township 17S	Range 28E	Lot Ltn	Feet From 2310	N/S Line N	Feet From 1100	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Ltn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill	14. Consolidation Code	15. 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 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 bottom hole location(s) 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 heretofore entered by the division.

E-Signed By: Bobby Smith

Title:

Date: 4/19/2011

SURVEYOR CERTIFICATION

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.

Surveyed By: RONALD EIDSON

Date of Survey: 3/25/2011

Certificate Number: 3239

EXHIBIT D

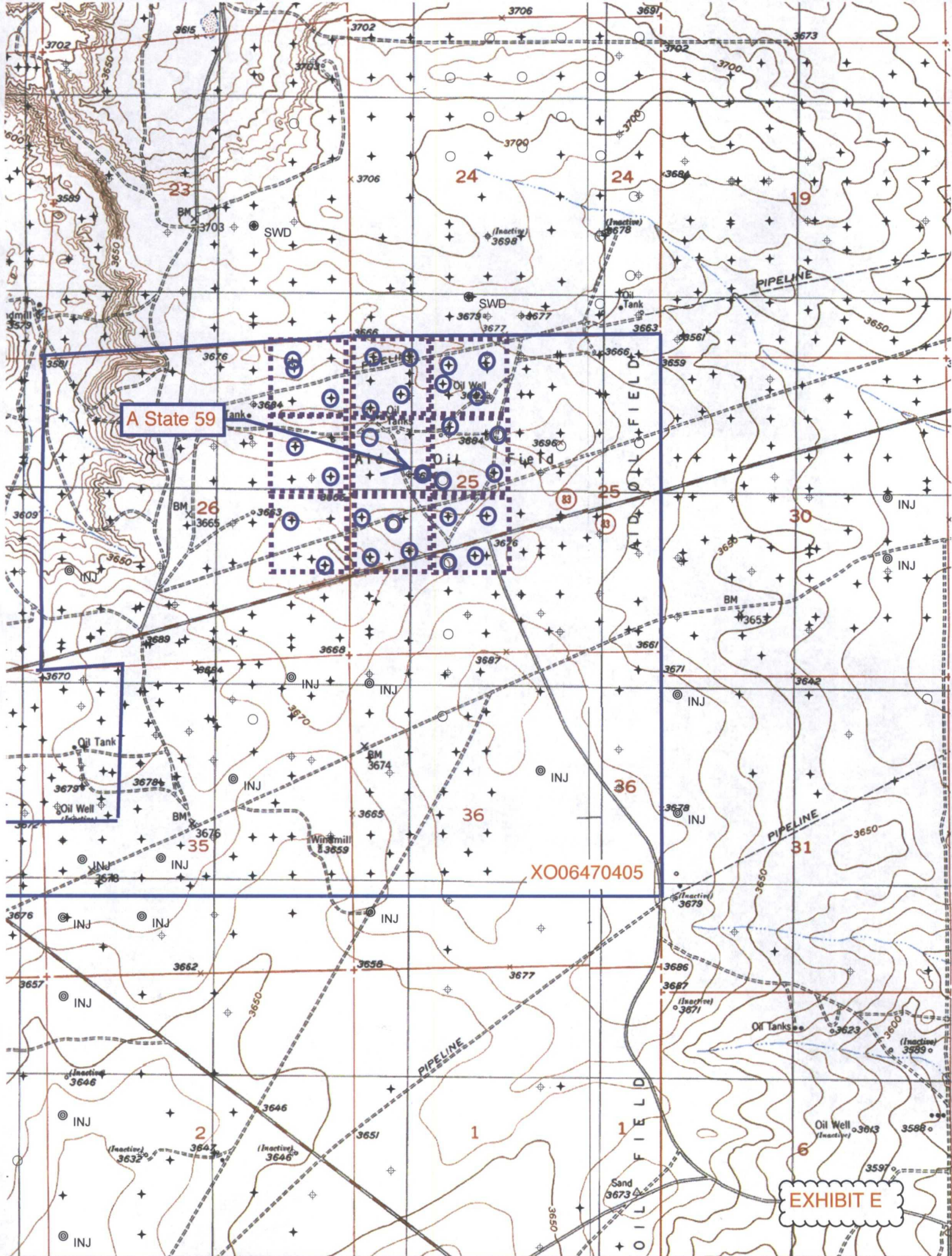


EXHIBIT E

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

January 17, 2013

Chase Oil Corporation
11352 Lovington Highway
Artesia, NM 88210

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying for NSL approval for its A State 59 oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 110' further east than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: A State 59 ID: 5,700'
Proposed NSL Zone: Artesia; Glorieta-Yeso (O)
NSL Acreage Dedication: 40 acres (SWNW Section 25, T. 17 S., R. 28 E., Eddy County, NM)
on NMSLO lease X0-0647-0405
Location: ~9 air mile west of Loco Hills, NM at 2310 FNL & 1100 FWL 25-17s-28e
Applicant Name: Apache Corporation (432) 818-1167
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



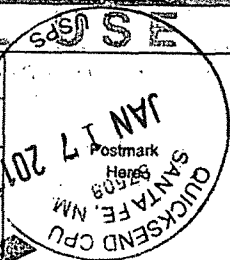
Brian Wood

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Chase
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or PO Box No.
City, State, ZIP+4
PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT F

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

January 17, 2013

David Evans
COG Operating
600 West Illinois Ave.
Midland, TX 79701

Dear Mr. Evans:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying for NSL approval for its A State 59 oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 110' further east than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: A State 59 ID: 5,700'

Proposed NSL Zone: Artesia; Glorieta-Yeso (O)

NSL Acreage Dedication: 40 acres (SWNW Section 25, T. 17 S., R. 28 E., Eddy County, NM) on NMSLO lease X0-0647-0405

Location: ~9 air mile west of Loco Hills, NM at 2310 FNL & 1100 FWL 25-17s-28e

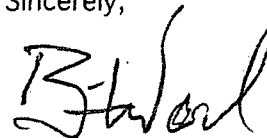
Applicant Name: Apache Corporation (432) 818-1167

Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

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Please call me if you have any questions.

Sincerely,



Brian Wood

7012 0470 0000 5361 1965 9665 1000 0440 2700

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EXHIBIT F

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

January 17, 2013

Khody Land & Minerals Co.
3817 NW Expressway, Suite 950
Oklahoma City, OK 73112

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

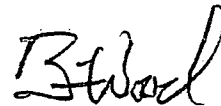
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Proposed NSL Zone: Artesia; Glorieta-Yeso (O)
NSL Acreage Dedication: 40 acres (SWNW Section 25, T. 17 S., R. 28 E., Eddy County, NM)
on NMSLO lease X0-0647-0405
Location: ~9 air mile west of Loco Hills, NM at 2310 FNL & 1100 FWL 25-17s-28e
Applicant Name: Apache Corporation (432) 818-1167
Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

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or PO Box No.
City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT F

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

January 17, 2013

Marathon Oil Company
200 North Lorraine, Suite 1310
Midland, TX 79702

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Apache Corporation is applying for NSL approval for its A State 59 oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 110' further east than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: A State 59 ID: 5,700'

Proposed NSL Zone: Artesia; Glorieta-Yeso (O)

NSL Acreage Dedication: 40 acres (SWNW Section 25, T. 17 S., R. 28 E., Eddy County, NM) on NMSLO lease X0-0647-0405

Location: ~9 air mile west of Loco Hills, NM at 2310 FNL & 1100 FWL 25-17s-28e

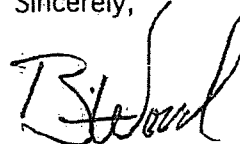
Applicant Name: Apache Corporation (432) 818-1167

Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

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Please call me if you have any questions.

Sincerely,



Brian Wood

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.75

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or PO Box No.
City, State, ZIP+4

PS Form 3800, August 2005 See Reverse for Instructions

EXHIBIT F

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

January 17, 2013

Yates Petroleum Corporation
105 S. 4th St.
Artesia, NM 88210

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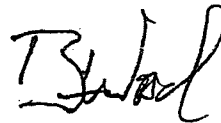
Applicant Name: Apache Corporation (432) 818-1167

Applicant's Address: 303 Veterans Airpark Lane, Suite 300, Midland TX 79705

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

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EXHIBIT F