

DATE IN 04/08/13	SUSPENSE	ENGINEER PG	LOGGED IN 04/08/13	TYPE NSL	APP NO. PPRG 1309839659
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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



30-023-40541
 State PA #8
 Apache Corp

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

4/5/13
 Date

drcatanach@netscape.com
 E-Mail Address

RECEIVED OCD
 2013 APR - 8 A 1:53

April 5, 2013

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
State PA No. 8
API No. (30-025-40541)
330' FSL & 1600' FWL (Unit N)
Section 18, T-22 South, R-37 East, NMPM,
Paddock, Blinebry (Oil), Tubb (Oil), Drinkard & Wantz-Abo 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 State PA Well No. 8. This well will be drilled as a development oil well in the Paddock (49210), Blinebry Oil & Gas Pool (Oil-6660), Tubb Oil & Gas Pool (Oil-60240), Drinkard (19190), and Wantz-Abo (62700) Pools at an unorthodox oil well location for all horizons 330 feet from the South line and 1600 feet from the West line (Unit N) of Section 18, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

The proposed State PA No. 8 will be dedicated to an existing standard 40-acre oil spacing and proration unit in the Tubb Oil & Gas Pool comprising the SE/4 SW/4 of Section 18. This unit is currently dedicated to Apache's State PA No. 7 (API No. 30-025-40540) located at a standard well location 870 feet from the South line and 2310 feet from the West line.

In the Paddock, Blinebry Oil & Gas, Drinkard and Wantz-Abo Pools, the proposed State PA No. 8 will be dedicated to the SE/4 SW/4 of Section 18 thereby forming a standard 40-acre oil spacing and proration unit for each of these pools.

The Paddock, Drinkard and Wantz-Abo Pools are all 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 Blinebry and Tubb Oil & Gas Pools are currently governed by the General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blinebry and Tubb Oil & Gas Pools as established by Order No. R-8170, as amended. These rules require standard 160-acre gas spacing and proration units and 40-acre oil spacing and proration units. Setback requirements for gas wells to which more than 40 acres is dedicated are 660 feet to the outer boundary of the spacing unit or of the quarter section, and 330 feet to any governmental quarter-quarter section. The setback requirement for oil wells and gas wells to which no more than 40 acres is dedicated is 330 feet to the outer boundary of the spacing unit.

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

The affected offset tracts with regards to the unorthodox location in all horizons are the SW/4 SW/4 of Section 18 and the NW/4 NW/4 of Section 19, both in Township 22 South, Range 37 East. There is currently no production from the Paddock, Blinebry Oil & Gas, Tubb Oil & Gas, Drinkard or Wantz-Abo Pools within the affected offset tracts. The leasehold owner within the SW/4 SW/4 of Section 18 is XTO Energy, Inc. The leasehold owner within the NW/4 NW/4 of Section 19 is ExxonMobil Corporation. Notice of this application is being provided by certified mail return receipt requested to XTO Energy, Inc. and ExxonMobil Corporation in accordance with Division rules.

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

In summary, approval of the application will provide Apache Corporation the opportunity to recover additional oil and gas reserves from the Paddock, Blinebry Oil & Gas, Tubb Oil & Gas, Drinkard and Wantz-Abo Pools underlying the SE/4 SW/4 of Section 18 that may otherwise not be recovered by the existing well, 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-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 30-025-40541	Pool Code 49210, 6660, 60240, 19190 & 62700	Pool Name Paddock, Blinebry Oil & Gas (Oil), Tubb Oil & Gas (Oil), Drinkard & Wantz-Aho
Property Code 26487	Property Name State PA	Well Number 008
OGRID No. 873	Operator Name Apache Corporation	Elevation 3434'

Surface Location

UL or lot no. N	Section 18	Township 22 South	Range 37 East	Lot Idn	Feet from the 330	North/South line South	Feet from the 1600	East/West line West	County Lea
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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>State PA No. 7 (Tubb Oil & Gas Pool)</p> <p>State PA No. 8 (Proposed Well)</p> <p>1600'</p> <p>330'</p>	<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 heretofore 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>			

**SECTION 18, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**

**APACHE CORPORATION
STATE PA #8
ELEV. - 3434'**

Lat - N 32°23'07.86"
Long - W 103°12'18.91"
NMSPCE- N 505818.530
E 889567.206
(NAD-83)

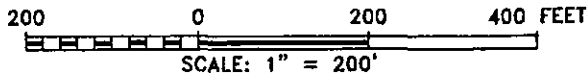
Lat - N 32°23'07.41"
Long - W 103°12'17.23"
NMSPCE- N 505758.433
E 848382.152
(NAD-27)

150' WEST
OFF SET □
3435.5'

150' EAST
OFF SET □
3431.2'

150' NORTH
OFF SET □
3434.1'

150' SOUTH
OFF SET □
3431.2'



Directions to Location:

FROM THE JUNCTION OF LEGION AND DELAWARE, GO WEST ON DELAWARE 1.3 MILES TO LEASE ROAD, ON LEASE ROAD GO SOUTH 0.6 MILES TO LEASE ROAD, ON LEASE ROAD GO WEST 0.2 MILES TURNING SOUTH ON LEASE ROAD FOR 0.3 MILES TO PROPOSED LOCATION.

APACHE CORPORATION

REF: STATE PA #8 / WELL PAD TOPO

THE STATE PA #8 LOCATED 330'

FROM THE SOUTH LINE AND 1600' FROM THE WEST LINE OF
SECTION 18, TOWNSHIP 22 SOUTH, RANGE 37 EAST,

N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 26499 Drawn By: J. SMALL

Date: 04-13-2012 Disk: JMS 26499

Survey Date: 04-03-2012 Sheet 1 of 1 Sheets

36 East

37 East

13

18

22 South

24

19

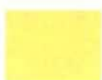
Affected Offset
Acreage
Leasehold Owner:
XTO Energy, Inc.

State PA No. 8
(Proposed Well)

1600'

330'

Affected Offset
Acreage
Leasehold Owner:
ExxonMobil Corp.



Affected Offset Acreage

Apache Corporation
Application for Non-Standard Well Location
State PA No. 8

April 5, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: XTO Energy, Inc.
810 Houston Street
Fort Worth, Texas 76102-6298

ExxonMobil Corporation
P.O. Box 4610
Houston, Texas 77210

Re: Apache Corporation
Application for Unorthodox Well Location
State PA No. 8
330' FSL & 1600' FWL (Unit N)
Section 18, T-22 South, R-37 East, NMPM,
Paddock, Blinebry & Tubb Oil & Gas, Drinkard & Wantz-Abo Pools
Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Apache Corporation for authorization to drill its State PA No. 8 at an unorthodox oil well location in the Paddock, Blinebry Oil & Gas (Oil), Tubb Oil and Gas (Oil), Drinkard and Wantz-Abo Pools 330 feet from the South line and 1600 feet from the West line (Unit N) of Section 18, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The well will be dedicated in the Tubb Oil & Gas Pool to an existing standard 40-acre spacing and proration unit comprising the SE/4 SW/4 of Section 18. This unit is currently dedicated to Apache's existing State PA Well No. 7. In the Paddock, Blinebry Oil & Gas, Drinkard and Wantz-Abo Pools, the well will be dedicated to the SE/4 SW/4 of Section 18 thereby forming standard 40-acre oil spacing and proration units for each of these pools.

As the owner of an interest that may be affected by the proposed unorthodox 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 79701

Enclosure

UNITED STATES POSTAL SERVICE™ CERTIFIED MAIL™ RECEIPT <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at www.usps.com	
HOUSTON TX 77210	
Postage	\$ 1.12
Certified Fee	\$3.10
Return Receipt Fee <i>(Endorsement Required)</i>	\$2.55
Restricted Delivery Fee <i>(Endorsement Required)</i>	\$0.00
Total Postage & Fees	\$ 6.77

05 JUN 87592
 SANTA FE, NM 09
 Postmark Here
 APR - 6 2013
 04/06/2013 USPS

Sent To	ExxonMobil Corporation
Street, Apt. or PO Box No.	P.O. Box 4610
City, State, ZIP+4	Houston, Texas 77210

PS Form 3800, August 2006
See Reverse for Instructions

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information, visit our website at www.usps.com	
OFFICIAL USE	
FORT WORTH, TX 76102	
Postage	\$ 11.12
Certified Fee	\$3.10
Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 66.77

SANTEE, NM 87592
 09
 APR 16 2013
 Here
 USPS
 04/06/2013

Sent to	XTO Energy, Inc.
Street	810 Houston Street
or PO Box No.	
City, State, ZIP+4	Fort Worth, Texas 76102-6298

PS Form 3800, August 2006
See Reverse for Instructions